



Daily Report

China

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General

Foreign Ministry Gives Weekly News Briefing

Foreigners' Safety Ensured

OW0906143788 Beijing XINHUA in English
1418 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA)—Chinese Foreign Ministry Spokesman Li Zhaoxing said at a weekly press conference here today that the safety of foreign embassies and citizens in China is ensured.

Li made this remark when he was asked whether the Chinese Foreign Ministry is holding discussions with the United States Embassy in Beijing on how to prevent possible attacks on U.S. citizens in China by unidentified persons or groups.

Li also told the press that he has not heard of such discussions.

Sino-USSR Summit Conditions

HK0906132888 Beijing ZHONGGUO XINWEN SHE
in Chinese 1204 GMT 9 Jun 88

[Report: "China Once Again Elaborates on Preconditions for Summit Between Deng Xiaoping and Gorbachev"]

[Text] Beijing, 9 Jun (ZHONGGUO XINWEN SHE)—Li Zhaoxing, a spokesman for the Chinese Foreign Ministry, today reiterated that Deng Xiaoping and other Chinese leaders had repeatedly stated the following preconditions for meeting with Gorbachev: Only when the Soviet Union removes the obstacles by taking actual action and, in particular, by making Vietnam stop its aggression against Cambodia and withdraw all its troops from the country will it be possible.

At this afternoon's news briefing, many Chinese and foreign reporters raised questions on Sino-Soviet summits. Li Zhaoxing first said that Deng Xiaoping was in good health before he gave the above answer to their questions.

Li Zhaoxing said that he was just reiterating what Deng Xiaoping and other Chinese leaders had repeatedly reiterated. On this question, China stresses actual action. He pointed out: The previous withdrawal of Vietnamese troops was nothing but rotation of troops. Not long ago, it announced the withdrawal of another 50,000 men. However, people cannot help wondering about its real intention.

In reply to a reporter's question, Li Zhaoxing said: Some progress has been made in Sino-Soviet relations as far as economic, trade, scientific, and technological exchanges

are concerned. However, to bring about the normalization of relations between the two countries, it is necessary to remove the obstacles, particularly the obstacle concerning the Cambodian issue.

More on Sino-Soviet Summit

HK0906060988 Hong Kong AFP in English
0918 GMT 9 Jun 88

[Text] Beijing, June 9 (AFP)—China reiterated Thursday that holding a Sino-Soviet summit depends on Moscow taking practical steps towards securing a complete withdrawal of Vietnamese troops from Cambodia.

"The Soviet Union should take practical steps to urge Vietnam to withdraw all its troops from Kampuchea (Cambodia)," Chinese Foreign Ministry spokesman Li Zhaoxing said at a weekly press briefing.

"Only then the conditions could be created for a summit meeting."

Observers said it was the first time since Vietnam announced last month that it would remove 50,000 troops from Cambodia by the end of the year that China had recalled that a Sino-Soviet summit depended on either a total Vietnamese withdrawal from Cambodia or steps from Moscow towards securing a pullout.

Soviet Vice Foreign Minister Igor Rogachev said here Tuesday at a press conference that Moscow was willing to hold a Deng Xiaoping-Mikhail Gorbachev summit any time and that the two sides should not impose any preconditions.

The Chinese Foreign Ministry spokesman said Thursday that there had been "some progress" in Sino-Soviet relations in the economic and commercial fields.

A Sino-Soviet commission on the economy, commerce, science and technology has just met here and a week of talks on normalization of relations between the two communist giants, the 12th such meeting, is to begin here Monday.

Comments on Cambodian Issue

OW0906094688 Beijing XINHUA Domestic Service
in Chinese 0827 GMT 9 Jun 88

[Text] Beijing, 9 Jun (XINHUA)—Chinese Foreign Ministry spokesman Li Zhaoxing said at a news briefing today that China appreciates and supports all efforts and attempts for the political settlement of the Cambodian issue in a fair and reasonable manner.

He said: No matter what form talks or meetings on the Cambodian issue takes, it is necessary to, first of all, discuss the settlement of the issue of withdrawing all Vietnamese troops from Cambodia. As a party concerned, Vietnam should take part directly in the procedure for the political settlement of the Cambodian issue.

Li Zhaoxing made this remark when he was asked by a reporter whether China supports the cocktail party [euphemism for a scheduled informal gathering] on the Cambodian issue soon to be held in Indonesia.

Announces Bangladeshi Visitor

OW0906080388 Beijing XINHUA in English
0752 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA)—Bangladesh Foreign Minister Humayun Rasheed Chowdhury will visit China from June 22 to 27 at the invitation of Chinese Foreign Minister Qian Qichen, a Chinese Foreign Ministry spokesman announced at a weekly new briefing here today.

Group To Go to Berlin

OW0906095888 Beijing XINHUA in English
09137 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA)—China will send a delegation to the forthcoming international conference on establishing nuclear-free zones to be held in Berlin, a Chinese Foreign Ministry spokesman announced here today.

In reply to a correspondent's question, Li Zhaoxing said, "we wish the conference success."

China respects non-nuclear countries wish to establish nuclear-free zones and respects the already established nuclear-free zones, he said.

"China appreciates the positive attitude and actions taken by the German Democratic Republic to promote disarmament," he added.

Supports Arab Summit

OW0906084788 Beijing XINHUA in English
0831 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA)—A Chinese-Foreign Ministry spokesman today expressed congratulations on the extraordinary Arab summit, which opened June 7 in Algiers.

At a weekly news briefing here this afternoon, Li Zhaoxing said, "We rejoice at the fact that the Arab countries and the Palestine Liberation Organization are strengthening their unity and working jointly for a solution to the problems facing the Arab World."

"We believe that the summit meeting will contribute to the enhancement of unity among the Arab countries, to the support for the just struggle of the Palestinian people on the Israeli-occupied territories, to the promotion of a comprehensive and fair settlement of the Middle East question and to the promotion of peace, stability and development in the region," he said.

Qian Qichen Continues UN Visit, Departs

Calls for SRV Pullout

OW0906034588 Beijing XINHUA Domestic Service
in Chinese 1505 GMT 8 Jun 88

[Text] United Nations, 7 Jun (XINHUA)—While meeting with Soviet Foreign Minister Shevardnadze at UN headquarters in New York today, Chinese Foreign Minister Qian Qichen said: Vietnam should withdraw immediately all its troops from Cambodia, and the Soviet Union can play a promoting [cu jin 0191 6651] role in this regard.

Foreign Minister Qian said: The Soviet decision to withdraw its troops from Afghanistan is a good thing, which is welcomed.

Foreign Minister Qian today also met separately with Portuguese President Soares, British Secretary of State for Foreign Affairs Howe, as well as the foreign ministers of Italy, Uruguay, Hungary, and Poland.

Stresses UN Disarmament Role

OW0806175388 Beijing XINHUA in English
1549 GMT 8 Jun 88

[Text] United Nations, June 8 (XINHUA)—Chinese Foreign Minister Qian Qichen today urged the United Nations to "play an important role" in reducing the world arms arsenal.

In an interview with XINHUA on his departure for home after attending the third UN Special Session on Disarmament, the Chinese foreign minister said, "the United Nations, as the most representative international institution of the present-day world, should play an important role in disarmament."

He said it was his general impression during the session that almost all nations of the world expected the meeting to yield positive results.

Qian, who arrived here on May 28, expressed the belief that "with all nations, big or small, presenting their views on an equal footing, the current session will contribute to promoting the global disarmament process by producing a comparatively good document."

Cao Xiaobing Leaves for UN Disarmament Session

OW0806170188 Beijing XINHUA in English
0710 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Cao Xiaobing, deputy secretary-general of the Chinese People's Association for Peace and Disarmament, left here today for New York to attend the ongoing third special session of the UN General Assembly devoted to disarmament.

Cao will speak at meetings of nongovernmental organizations of the session.

LIAOWANG on U.S.-Soviet Moscow Summit
HK0806130088 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 23, 6 Jun 88 pp 25-26

["Special Dispatch" from Moscow by LIAOWANG special correspondent Li Nan (2621 2809): "From Geneva to Moscow—Commenting on the Fourth U.S.-Soviet Summit"]

[Text] With the warming of the climate, summer has come to Moscow. This is a season of tours, holidays, and a relaxed mood. However, all people, from high-ranking personages in the political circles to ordinary muscovites, have been concerned about the fourth meeting between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan held from 29 May to 2 June. Fresh flowers, smiles, red carpets, and welcoming addresses were accompanied by obvious arguments and implicit confrontations. At the elegant ceremony welcoming distinguished guests both leaders quoted Russian proverbs loaded with meaning. To change Reagan's previous view of looking consistently upon the Soviet Union as an "evil empire," Gorbachev said: "Aware of your fondness for Russian proverbs, let me add another one to your collection: 'It is better to see something once than to hear about it a hundred times.'" Reagan countered by saying: "Please let me quote another, displaying the wisdom of your people: 'It was born, it wasn't rushed.'" The implication is that the friendship and trust between the two countries must be cultivated slowly.

Reagan's arrival in the Soviet capital after 7 and 1/2 years in office is the first visit to the Soviet Union by a U.S. President for 14 years. Since Gorbachev and Reagan met in Geneva for the first time in 1985, they have taken a winding and thorny path of negotiations, arguments, confrontations, and concessions.

Issues Are So Entangled They Can Neither Be Cut With Scissors Nor Sorted Out [subhead]

The question of reducing nuclear weapons has been the main content of the summits between the two countries over the past few years. On the second day of their talks in Moscow yesterday, no substantive headway was made. Gorbachev said that during many years of negotiations the disarmament topic has become a heap of documents jumbled up like a ball of string, which even political activists find difficult to sort out. During the disarmament talks countless proposals and counterproposals, complicated calculations, and a variety of numerical comparisons have simply dazzled people. All negotiations, including those on shorter-range missiles, on antiballistic missiles, and on strategic nuclear weapons, have suffered such confusion.

After the current talks on strategic nuclear weapons were first broached at Reykjavik, both parties agreed in Washington to cut their quantities by 50 percent and laid down the specific numbers to be cut. The document was so concise and comprehensive that it was easy to read. Even the timing of the treaty signing was generally fixed, as if there were signs of a positive solution. However, the more they discussed it the more complicated the issue became. Both parties had their own ideas on major points of argument and had different interpretations on the agreement they had reached. Take as an example heavy bombers capable of carrying nuclear warheads. It was not actually difficult to count these aircraft but the more they counted, the more confused they became. The United States maintained that each bomber should be counted as capable of carrying 10 cruise missiles while the Soviet Union held that they should be counted according to the actual number of warheads they carry. This is because American bombers can carry 12 or more warheads while Soviet bombers can only carry 6 warheads. The U.S. side held that only those bombers capable of carrying nuclear warheads should be counted. The Soviet Union however, considered that this would exclude some bombers and this question of whether some U.S. bombers in active service should be counted has also touched off controversy. As a result, the figures cited by both parties differ widely.

What is classified as a long-range cruise missile? This is another point of controversy. According to the Soviet Union, those with an effective range of 600 km or more should be included; the United States, however, is opposed to this criterion and wants to raise the effective range to 1,500 km or more. Different methods of calculation have led to widely different results and the number of missiles to be reduced differ widely. It is quite clear that this is due to one party gaining the upper hand.

Both parties also differed widely on the methods of verification and supervision and the interpretation of the 1972 Antiballistic Missile Treaty.

Obviously, it still won't do for the leaders of the two countries to draw a big frame around it because it is in such a mess and is so entangled that it can neither be cut with scissors nor sorted out. This entangled mass cannot be discarded but should be sorted out. However, after sorting it out a bit, other parts then tangle. It is difficult to sort the mess out in the short span of half a year. On Reagan's arrival in Moscow a tangled mass of documents was placed on the negotiating table, but this does not mean that the differences have not been narrowed in any way, nor that no concessions have been made. After intensive talks both parties have also attained some results. A responsible Soviet military person said: Both parties are close to reaching an agreement on land-based and sea-based ballistic missile launchers and warheads. Some headway has also been made in airborne missiles. The treaty on destroying intermediate- and shorter-range missiles was approved eventually by the U.S. Senate and the USSR Supreme Soviet. This shows that there are

difficulties in the nuclear arms talks but there are also prospects for it. It should also be noted that although the treaty has become effective, there will still be problems with practical implementation. A Soviet expert on international issues said that it is much more complicated to destroy nuclear warheads than to make them, and that there will be unavoidably more disputes between both parties.

From the treaty on intermediate- and shorter-range missiles to the talks on reducing strategic nuclear weapons, this is a step forward. The Moscow summit will give new momentum to future negotiations. Officials from both parties have expressed repeatedly their desire and determination to make intensive efforts. Through repeated trials of strength, reducing differences is not a hopeless task.

The talks and meetings will continue. Many people in the Soviet Union say that the fact they can hold talks is a good thing. Reducing strategic nuclear weapons is in the interests of both parties. Numerically speaking, both parties have stockpiled excessively large quantities of strategic nuclear weapons. There will be no great harm in cutting them by half. The future direction of nuclear weapons is not to increase the quantity but to improve the quality. Namely, to modernize nuclear weapons. This is the focus of future struggles, and both parties want to reduce the quantity. The problem is that no party wants to get the worst of it while the other party gains extra advantage. This, plus the complexity of strategic nuclear weapons, has increased the difficulty of the talks, a difficulty which will not be overcome in the foreseeable future.

Changeable Weather [subhead]

Just as the arms talks have their ups and downs, the relations between the Soviet Union and the United States have also undergone constant reversals and changes. Over the years they have been like Moscow's early summer, cloudy and cold one moment, and fine and warm the next.

Let us set aside for the time being what happened long ago. During Reagan's first term of office, relations between both parties were overcast and tended toward frigidity and rigidity. In January 1985 Reagan was reelected and Gorbachev became top Soviet leader. The latter put forward a "new thinking" and proposed improving relations with the United States. Reagan found it difficult to leave his "push-back strategy" intact and to execute a tough policy toward the Soviet Union. Thereupon relations between both parties improved and diplomatic talks and contacts became more frequent. At the Geneva meeting in November 1986 both parties expressed their desire to look for a common stand and agreed that there was a need to improve their relations. At the Reykjavik and Washington meetings they issued the same statements.

But there were still occasional twists and turns. For example, soon after the Geneva meeting both parties expelled each other's diplomatic personnel and made increasingly frequent denunciations. Gorbachev said: The talks are spinning and have come to a deadlock; there are more worrisome things.

As a whole, however, relations between the two countries tend to move from fierce confrontation to relaxation and detente. Over the past 3 years, in addition to the summit meetings, the foreign ministers of the two countries have also held talks on more than 20 occasions. What is worth mentioning is the talks held between the defense ministers of the two countries in the Swiss capital last March. Although no agreements have been reached, this has opened up a contact channel between the military forces.

During the meeting they also exchanged views on the regional conflict issue. It can be seen that both parties have increased the dialogue on this issue. The Soviet Union has started to pull out its troops from Afghanistan. Both parties have exchanged views constantly on South African, Middle Eastern, and Central American issues.

The question of human rights has been a thorn in Soviet-U.S. relations for a long time. In recent years, instead of taking an evasive attitude the Soviet Union has adopted some improvement measures; it has also said that "the human rights issue is not a one-way but a two-way street." The implication is that the United States is not without blemish on this issue. At the present summit meeting the United States raised the human rights issue from fourth to first place on the agenda.

There were mutual exchanges between both parties during the discussion. The Soviet side said it was not pleased that other people should act as teachers on human rights issues. Reagan defended himself by saying that he had no wish to become a teacher.

Economic and cultural relations have always served as a barometer of the political relations between the two countries. Over the past 3 years there have been relaxations and developments, with trade growing, cooperative items increasing, and personnel exchanges becoming more frequent. With the restoration of the Moscow-New York air route, some 100,000 Americans will visit the Soviet Union this year. However, nobody dares to say that it will be all plain sailing in the future. There are still economic and trade restrictions. The United States will not necessarily relax restrictions on the export of high technology and the Soviet Union will not necessarily be able to greatly increase its exports to reduce its huge deficit with the United States. Because it is not easy to improve the investment climate, joint ventures may not develop rapidly. It is still an open question whether or not there will be fundamental improvement in economic and trade relations between the two countries.

There is no harm in saying that future relations between the two countries will still be characterized by changeable weather, fine and warm one moment, raining and stormy next. Like the arms talks, the road ahead is still tortuous, rough, and bumpy.

Facing Reality and Looking to the Future [subhead]

From Geneva to Moscow the two leaders have indicated on several occasions that they should not fight a nuclear war because nobody can win in such a war. Viewed from the boundless universe, detente, peace, disarmament, and development are the demands of the times. The Social Research Institute of the Soviet Academy of Sciences conducted a public opinion poll on the eve of the meeting. It discovered that the overwhelming majority of the people surveyed approved of the meeting between Gorbachev and Reagan and that most people are uneasy about the current situation, particularly about a global nuclear conflict. As they saw it, there were numerous difficulties in improving U.S.-Soviet relations and therefore both parties should make concessions.

As elsewhere in the Soviet Union, Moscow is conducting reform. The people have peace of mind. There are brand new buildings everywhere and you can feel a lively atmosphere everywhere. The shops, though crowded, are clearly short of goods. The Soviet Union needs a peaceful environment and wants to use the money saved from nuclear weapons to engage in economic construction and improve the living standards of their people.

Reagan said that he is ready to have another high-level meeting in the remaining 6 months of his presidency. Gorbachev agreed. They also welcomed the prospect of working out a draft agreement for their signature during this period.

Some Soviet and American people are optimistic about this but others are not. Let's set aside other things for the time being. The U.S. presidential elections are just round the corner and the Reagan administration has only a limited time. With people's feelings changing with the circumstances, it will be necessary to wait for some time.

However, in the face of reality and the world at large, mankind needs peace and the two countries also need lasting detente. If the two leaders can continue taking the road of talks and disarmament, the issue of reducing strategic nuclear weapons will not likely become deadlocked and abandoned halfway.

Tian Jiyun at International Arbitration Seminar OW0806133288 Beijing XINHUA in English 1101 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—A two-day international seminar on ways for countries to arbitrate commercial contracts and disputes concluded here today.

Chinese Vice-Premier Tian Jiyun conferred for one hour this afternoon with seminar participants on expanding cooperation between China and the International Chamber of Commerce (ICC), which co-sponsored the seminar with the China Council for the Promotion of International Trade.

ICC Arbitration Court Chairman Michel Gaudet told Tian that ICC likes to work for establishing a sound working relationship with China.

President Ren Jianxin of the Supreme People's Court hosted a dinner in honor of the visitors this evening.

Arbitration Helps Sino-Foreign Ventures OW0806233888 Beijing XINHUA in English 0618 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—China's international commercial arbitration business has been booming in recent years, safeguarding Sino-foreign economic cooperation and trade.

There are about 200 commercial disputes waiting for arbitration at present, and 75 percent are trade disputes, mostly on the quality of cargoes and equipment or the late arrival of cargoes or payments, today's CHINA DAILY quoted Cui Bingquan, general-secretary of the Foreign Economic and Trade Arbitration Commission of the China Council for the Promotion of International Trade (CCPIT) as saying.

The commission started mediating in Sino-Foreign commercial disputes in 1952 and remains the only sino-foreign commercial arbitration body in China.

Cui said major disputes of the 15 percent of joint venture cases were concentrated on one side's failure to invest enough money according to contracts, economic losses caused by poor management and the Chinese side's changes in personnel, including leaders, without discussion with the foreign side.

Ten percent of the 200 cases are disputes over Sino-foreign economic cooperation programs in the compensation trade, processing of foreign materials, assembling of foreign parts and production of goods according to foreigners' designs. There are also some disputes over patents, copyright, real estate, and labour and construction contracts, he said.

The biggest case yet arbitrated involved a 20-million-yuan hotel project between Chinese and English firms, the paper said. During the construction of the project, the Chinese side found it needed more money than the investment budget, but the British side refused to increase its investment.

The project was halted and each side said the other was responsible and asked for more than 9 million yuan for losses.

After arbitration by Cui's commission, the dispute was settled with the Chinese side paying the British side 18 million Hong Kong dollars, while the British agreed to give up all its investment in the project.

Cui said the commission is going to hold a national congress later this month to change its regulations. The commission will expand its business scope, change its title to China International Economic and Trade Commission, and hire foreign arbitration experts for the commission and its branches.

Li Peng Meets Outgoing Ambassadors
OW0806161788 Beijing XINHUA in English
0956 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Chinese Premier Li Peng met here today outgoing Hungarian and Philippine ambassadors to China Laszlo Ivan and Alfonso T. Yuchengco.

World Bank, Other Projects Under Way in Liaoning
OW0806204788 Beijing XINHUA in English
0654 GMT 7 Jun 88

[Text] Shenyang, June 7 (XINHUA)—In Liaoning Province, 60 percent of the water projects funded by the World Bank and the World Food Program have been completed, a provincial government official announced today.

The first phase of the projects, which was started in July 1985, is expected to be finished at the end of next year, the official said, and this phase was possible thanks to 28 million U.S. dollars in interest-free loans from the World Bank, or 40 percent of the project's total cost. Meanwhile 35,000 tons of wheat from the World Food Program free of charge has also been shipped to counties.

Key first-phase projects include building five waterworks in areas where people have to drink water with a high-chlorine content or untreated water taken from rivers.

A local medical survey has shown, making running water available in five counties has caused the incidence of enteritis and dysentery to drop by 64 and 66 percent respectively.

Also thanks to the projects, the quality of canned fruit and processed seafood has gone up along with improved water quality.

A World Bank official has described the water projects as "satisfying," and a World Food Program representative said, "benefits scored in China are exemplary of the World Food Program's international role."

Comparison of Qian Qichen Comments on Moscow Summit

Beijing RENMIN RIBAO on 2 June carries on page 6 a 250-character XINHUA report by Hong Yunxi, entitled "Qian Qichen says China Welcomes U.S.-Soviet Dialogue." This has been compared with the version carried by XINHUA in English at 1915 GMT 31 May entitled "Qian Qichen Comments on Moscow Summit" and published in the 1 June China DAILY REPORT on page 7, revealing the following variations:

Column one, paragraph one, only sentence ... (CNN) today that "China welcomes U.S.-Soviet dialogue. Dialogue is certainly ... [noting additional words].

Column two, first paragraph, only sentence ... The developing countries are willing to make efforts in disarmament, but their right to self-defense ... [noting additional words].

United States & Canada

U.S. Citizens Warned Against 'Terrorist Attack'
HK0906092088 Hong Kong AFP in English
0906 GMT 9 Jun 88

[Text] Beijing, June 9 (AFP)—The U.S. Embassy, acting on advice from the Chinese Government, told its citizens here Thursday to be on guard against a possible terrorist attack.

China had told the embassy it had information that "nationals of a third country may be planning a terrorist attack" on U.S. citizens in the capital and recommended they take precautions, the embassy said.

"There is no specific information as to when or where an attack might take place, but the embassy believes this warning reflects a genuine threat," it said in an "urgent notice to American citizens."

It advised U.S. citizens to "take appropriate steps to protect themselves" and avoid restaurants, markets, nightclubs and other spots which they frequent regularly.

A U.S. Embassy spokesman told AGENCE FRANCE-PRESSE that the Chinese had given no details of the threat. A Chinese Foreign Ministry spokesman said he knew nothing about it.

U.S. citizens in China are believed to number in the thousands. They are encouraged to register with their embassy, but many fail to do so.

Growing Asian Economic Role Seen by Official
OW0806233488 Beijing XINHUA in English
0802 GMT 7 Jun 88

[“Armocost Sees Greater Role by Asia in World Economy (by Xue Limin)”—XINHUA headline]

[Text] New York, June 6 (XINHUA)—U.S. Under Secretary of State Michael Armocost said here today the Pacific region, especially the Asian countries in the Northern Pacific region will see rapid economic development in the next two decades.

“The center of gravity of economy continues to move to the Pacific” if the newly developed Asian countries keep to their 5 percent growth rate in the rest of the century, Armocost told a group of U.S., Japanese and South Korean businessmen at the Japan Society.

He said the U.S. is facing “formidable challenge” from Japan as Japan has become the second largest economic power in the world.

Meanwhile, the “four little tigers” (Singapore, South Korea, Hong Kong and Taiwan) are developing fast, China could become a major power in the next decade and Thailand could be the next success, Armocost said.

However, the under secretary of state said that the economic strength of Asia will be diversified by the turn of the century.

Presuming that China could maintain a 7 percent annual growth rate to the end of the century, its annual export could reach 175 billion dollars by then, he said.

On the other hand, Japan, who produces 75 percent of Asia's exports two years ago, will see its share fall to 60 percent by the end of the century.

Therefore, with fast development of other Asian countries, “there could be no major players” on the Asian economic stage by then, he said.

American TV Documentary on PRC Praised
OW0806173088 Beijing XINHUA in English
1136 GMT 7 Jun 88

[“American-Produced Documentary on China To Be Aired in U.S. (by Qian Wenrong)”—XINHUA headline]

[Text] New York, June 6 (XINHUA)—A TV documentary focusing on China's new open-door policy and its profound social, economic and cultural changes will be aired on American television stations from June 10 to 22.

The one-hour documentary entitled “Journey Through a Changing China” was sponsored by American Express Company and filmed by the internationally-acclaimed Chinese-American TV producer, Miss Yue-sai Kan.

In the program, Miss Kan, who has been called “China's Narcissus Princess,” explored China's concept of “kai fang” (opening the door to the outside world) through her personal visits to industrial enterprises, rural areas, historic sites and beautiful scenic places. She provides American audience with a fascinating and unique look at the new life of the Chinese people and the great changes China is currently undergoing.

In the segment on Shanghai, China's biggest city, Miss Kan visited [word indistinct] market where the local residents rushed into the number one department store on [word indistinct] morning to buy bicycles or TV sets, washing machines or the latest fashions.

“The Chinese people now have more money to spend,” Kan narrated. “There are 100 million TV sets in China now and 400 million people watch TV programs at a time.”

She also filmed the booming rural industry which now accounts for more than 20 percent of the total industrial production in the country.

“It is unlike other developing countries where people have rushed into big cities. The Chinese people are now willing to stay in the countryside because they can work at their own communities,” Kan explained.

American TV viewers will also see the traditional and modern life in cities and the countryside, such as doing taiji exercises (a kind of Chinese martial arts) in the early morning, dancing disco and artistic ice-cutting and winter swimming in China's most northern city of Harbin.

The documentary will also take the audience to tour, through TV screens, the unique historic sites and the most beautiful scenic attractions at the 5,000-year ancient and complex land, such as the Forbidden City and the summer palace in Beijing, “the finest mountains and rivers under heaven” in Guilin, the 4,000-mile-long “Great Wall,” 6,000 life-size terracotta figures of armed warriors and horses unearthed in the underground mausoleum of China's first Emperor Qin Shi Huang (259-210 B.C.) and the magnificent revolutionary monument at the Tiananmen Square in Beijing, the symbol of New China.

At the end of the program, Miss Kan narrated how during the Cultural Revolution, people said: “Don't open the door and window because flies and insects will come into China.” but, Deng Xiaoping said: open the door and window, please let the fresh air in and we will take care of flies and insects’.” [no begin single quotation marks as received]

“It is evident that the people in this country are embracing the latest changes with their own characteristic enthusiasm and vigor,” she said.

A preview of the documentary was held at the Metropolitan Museum of Art here tonight with the presence of more than 100 guests, including Chinese Ambassador to the United Nations Yu Mengjia and Consul-General to New York Tang Xingbo.

Born in China in 1949, Yue-sai Kan is the first American television producer who helps the American audience understand China and Asia as a whole through her TV serial programs "Looking East" made in 1980 and thus has earned the title of "ambassador of television" or "people's ambassador."

Win or Lose, Jesse Jackson 'An American Hero'
OW0906003588 Beijing XINHUA in English
0642 GMT 7 Jun 88

["Roundup: Winner or Loser, Jackson Proves an American Hero (by Bao Guangren)"]—XINHUA headline]

[Text] Washington, June 6 (XINHUA)—As the U.S. presidential primary season ends Tuesday with primaries in California, New Jersey, New Mexico and Montana, a hero has emerged whether he wins or loses—Jesse Jackson, black civil rights leader and Democratic presidential contender.

Jackson has survived 51 primary contests (including U.S. territories with non-state status) since February. He and Massachusetts Governor Michael Dukakis are the only survivors of the original seven Democratic contenders who started the primary season February 8 in Iowa.

From the delegate count, there is no hope for Jackson to win the Democratic presidential nomination. But what this black civil rights leader has accomplished goes far beyond the presidential race itself.

Jackson is actually a celebrity, attracting sometimes more attention from the public than his rival Dukakis and Republican presidential candidate George Bush.

As THE NEW YORK TIMES has said, this world will remember Jackson, the first serious black presidential candidate in U.S. history and the first to really draw voters' attention, whether he is elected president, becomes vice president, or wins more primary contests.

Former U.S. Vice President Walter Mondale once commented that Jackson has become an important force in U.S. politics, and that no black has ever made such accomplishments.

Jackson first ran for president in 1984. In the four years since that earlier bid, he has made remarkable strides. The USA TODAY newspaper said Jackson "has transformed himself from an activist to a national leader."

In 1984, he helped boost black voter registration by 2 million, which in turn helped restore control of the Senate to the Democratic Party in 1986.

This year he has doubled his popular vote total. He is expected to receive 7 million primary votes this year, compared with a 1984 total of 3.2 million.

He has won 13 primaries and caucuses this year, compared with two in 1984.

He has amassed 984 delegates compared to 384 in 1984.

The black civil rights leader has also raised more money—he has taken in 11.7 million dollars compared with 8.23 million dollars in 1984.

Jackson has almost doubled his share of the white vote. In 1984, his white vote percentages were in single digits. This year they have climbed to 13 percent to 15 percent, with highs in such states as Connecticut, where he collected 22 percent of the white vote.

Black voter support continues to be very strong, reaching as high as 95 percent in some areas. He has also solidified support among established black leaders by quieting criticisms of blacks who oppose him. Jackson's second place finish in the Democratic presidential race has entitled him to be called the undisputed champion of blacks. A professor of several publications said Jackson has made changes in American society and culture and made it possible for many Americans to accept a black as the country's president.

Political scientist Austin Ranney of the University of California at Berkeley said that "in terms of real power for blacks, he's almost entirely a symbol. Jackson is seen as the hope for blacks and the poor.

Ranney suggested that Jackson has proven that a black will become President one day, even though he won't be that candidate. "Jesse is the Al Smith of black people," said Ranney, referring to the first Roman Catholic to run for President in 1928. It took 32 more years for another Roman Catholic candidate, John F. Kennedy, to be elected president.

Jackson still has many enemies. The majority of white Americans remain reluctant to vote for him. He has received more than 100 death threats from racists. And many American Jews oppose him. But just 20 years ago, some states still had not allowed blacks to sit in the front of buses, and black children were not allowed to attend the same schools as white children. What Jackson has accomplished is significant.

But Jackson has said that it is not enough to vote for him. "I want more than your vote... This campaign is designed to change our world, not just change out politics," he said.

To Jackson supporters, the 46-year-old black civil rights leader will remain a landmark on the country's political landscape. This is just the beginning of a long march. There will be other presidential campaigns and they expect Jesse Jackson to be there.

Canadian Chief of Defense Staff Begins Visit

Chi Haotian Hosts Banquet

OW0806164488 Beijing XINHUA in English
1407 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Chi Haotian, Chinese chief of general staff of the People's Liberation Army (PLA) feted General Paul Manson, Canadian chief of the defence staff, and his wife and their party here tonight.

Before the meeting Chi held a welcome ceremony at the plaza in front of the Military Museum of the Chinese People's Revolution in Beijing in honor of the Canadian visitors and accompanied General Manson to review the guard of honor of the three services of the PLA.

Arriving here this afternoon, the Canadian guests will also visit some military colleges and units in Xian, Nanjing, and Shanghai, apart from Beijing.

Meets Qin Jiwei

OW0906024588 Beijing XINHUA in English
1354 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Qin Jiwei, Chinese minister of national defense, met here today a Canadian military delegation led by General Paul Manson, Canadian chief of the defense staff.

During the meeting, Qin expressed satisfaction with the relations between the Chinese and Canadian Armed Forces, adding that exchange of visits by military leaders can promote mutual understanding and friendly cooperation between armed forces of the two countries.

General Manson told Qin that he and Chi Haotian, chief of general staff of the Chinese People's Liberation Army, shared similar views on many issues discussed during their talks here this morning. They also exchanged views on how to promote exchanges between the armed forces of the two countries.

He expressed the belief that his talks with China will lead to further growth of relations of their armed forces.

Canadian Destroyers End China Visit

OW0806134688 Beijing XINHUA in English
0627 GMT 8 Jun 88

[Text] Qingdao, June 8 (XINHUA)—Two Canadian warships, "Huron" and "Restigouche," led by Captain G.L. Garnett, commander of the Canadian destroyer squadron 2, left here today after a 6-day visit to Qingdao.

Seeing off the guests at the dock were officers of the North China Sea Fleet of the Chinese navy.

During their stay in Qingdao, Canadian naval officers and men went sightseeing around the east China port city, including a beer brewery and a carpet-making factory. They had a basketball match and a friendly gathering with their Chinese counterparts and visited Chinese naval vessels.

Soviet Union

USSR's Maslyukov, Delegation Continue Visit

Maslyukov Hosts Banquet

OW0806145588 Beijing XINHUA in English
1402 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Yuriy Maslyukov, first vice-chairman of the Soviet Council of Ministers tonight gave a banquet in the Soviet Embassy here to mark the close of the third meeting of the Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation.

With the implementation of the documents signed at the end of the meeting earlier today, Maslyukov said the economic construction in both the Soviet Union and China will be promoted, and a favorable atmosphere for deepening the bilateral understanding and trust between the two countries will be created.

The meeting ended earlier today with three documents on economic cooperation between China and the Soviet Union signed.

Both sides briefed each other on the economic reforms in their respective countries and exchanged views on the cooperation in economy, trade, science, technology, transportation, and education between the two countries as well as their state planning commissions.

New proposals and suggestions about the cooperation were also put forward during the talks, which Chinese Vice Premier Tian Jiyun described as being held "in a friendly and bilateral understanding atmosphere."

Expressing his satisfaction with the success of the meeting at the banquet, Tian said the meeting and documents signed "will benefit the further development of bilateral economic and trade relations."

Maslyukov and his party will leave for home tomorrow.

Meets Premier Li Peng

OW0806163688 Beijing XINHUA Domestic Service
in Chinese 1313 GMT 8 Jun 88

[By reporter Chai Shikuan]

[Text] Beijing, 8 Jun (XINHUA)—Li Peng, premier of the State Council, met with Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers, at the Great Hall of the People this afternoon. During the meeting, Li Peng said China speaks highly of the recent U.S.-Soviet summit and hopes that the United States and the Soviet Union will continue serious talks over the reduction of strategic nuclear weapons and achieve further results. China shows great concern over expanding the arms race to higher technology and into outer space, he added.

Li Peng said: The Chinese Government also evaluates positively the signing of the Geneva accord on the Afghanistan issue and hopes the Soviet Union will pull out its troops from the country according to the accord. China also hopes that the Soviet Union will play a bigger role in urging Vietnam to evacuate troops from Cambodia and solving the Cambodian problem. We believe that the Soviet Union can do a lot in this regard.

Maslyukov is the chairman of the Soviet side in the Sino-Soviet Commission on Economic, Trade, Scientific, and Technological Cooperation. Congratulating the fruitful results of the third meeting of the Commission that ended this morning, Li Peng said: Sino-Soviet cooperation in the economic, trade, scientific, and technological fields has made much progress and the border trade has become active over the past few years. However, there is still great potential in bilateral cooperation.

Regarding the current reforms, Li Peng said: Though situations in socialist countries are different, many of them are carrying out reform to bring into full play the superiority of socialism. He said: The Chinese Government and people are concerned about the reform in the Soviet Union and wish it success.

Maslyukov said: The third meeting of the Soviet-Chinese Commission on Economic, Trade, Scientific, and Technological Cooperation will pave a way for possibly expanding cooperation between the two countries. He wished China greater success in its current reform and socialist construction.

Tian Jiyun, vice premier and chairman of the Chinese side in the Commission, attended today's meeting.

After the meeting, both sides signed the summary of the third meeting of the Commission and signed Sino-Soviet governmental agreements on the principles governing the establishment of joint ventures and their activities on the establishment and development of economic and trade cooperation between Chinese provinces, autonomous regions, and municipalities and Soviet Socialist

Republics, ministries, relevant departments, corporations, and enterprises. Li Peng was present at the signing ceremony. Tian Jiyun and Maslyukov signed the documents on behalf of their respective governments.

Talks Continue

OW0906102288 Beijing in Russian to the USSR
1800 GMT 8 Jun 88

[Text] Li Peng, premier of the State Council, met with Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers and chairman of the Soviet side of the Sino-Soviet Commission on Economic, Trade, Scientific and Technical Cooperation, this afternoon in Beijing. Yuriy Maslyukov is here to take part in the work of the third session of the commission. This session ended its work on the morning of 8 June in Beijing.

Li Peng expressed his congratulations on the success of the session. He said that cooperation between China and the Soviet Union in economic, trade, and scientific and technical spheres has received substantial development. Border trade has also picked up. However, there remains great potential for even further cooperation between the two countries.

Touching on reforms, Li Peng said that presently many socialist countries are engaged in reforms so as to show the advantages of socialism in an even better light. The Chinese Government and people are most concerned with perestroika in the Soviet Union and wish the Soviet Union success in restructuring.

Touching on international questions, Li Peng said: We positively evaluate the recent U.S.-Soviet summit and we hope that both the United States and the USSR will continue, in a businesslike manner, to hold talks on the reduction of strategic nuclear weapons and that these talks will bring the desired results. Li Peng said that China is concerned with the expansion of the arms race to high technology and outer space.

Li Peng said that the Chinese government positively appraises the signing of the Geneva accord on the Afghan question. He said: We hope that the Soviet Union, in accordance with the agreement, will withdraw its troops from Afghanistan. We also hope that the Soviet Union will play an even larger role in facilitating the withdrawal of Vietnamese troops from Cambodia, so that the Cambodian question can be solved. We believe that the Soviet Union can still do a great deal in this regard.

After the meeting, Li Peng was present at the ceremony when both sides signed the protocol of the third session of the Sino-Soviet Commission on Economic, Trade, and Scientific and Technical Cooperation. At the same time, agreements on the establishment of joint ventures and principles for their activities, agreements between the governments of the two countries on the establishment and development of economic and trade relations

between provinces, autonomous regions, and towns of the PRC and republics, ministries, relevant departments, cooperatives, and enterprises of the Soviet Union, were signed.

Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers, held a reciprocal banquet on the evening of 8 June at the Soviet Embassy in Beijing. He thanked China for the cordial welcome and hospitality extended to the Soviet delegation which he headed during its visit to China.

Invited to the banquet were Tian Jiyun, vice premier of the State Council, and other officials.

Speaking at the banquet, Comrade Maslyukov said the third session of the Soviet-Chinese Commission on Economic, Trade, and Scientific and Technical Cooperation, took place in a businesslike, constructive, and friendly atmosphere. The series of agreements signed by both sides represent important documents and important agreements. The implementation of these agreements will facilitate the economic construction, raise the standard of living of the people of both countries, and create conducive conditions for deepening mutual understanding and trust between our two countries.

In his speech Tian Jiyun said that thanks to the efforts of both sides the session ended in complete success. During the work of the session, which took place in an atmosphere of friendship and mutual understanding, the sides held business talks and briefed each other on the economic development of their respective countries, on economic reforms in the PRC and the process of economic and social perestroika in the USSR. They also exchanged opinions on a wide variety of economic, trade, science and technology, transport, and education matters, and questions of ties and cooperation between state planning committees of both countries.

Both sides made a number of new proposals on mutual cooperation. Tian Jiyun said: We are satisfied with the results of the session. Tian Jiyun said that the visit of First Deputy Chairman Maslyukov and his colleagues to China and the signing of the documents will be beneficial to further development of economic and trade relations between the two countries and the deepening of mutual understanding and friendship.

The Soviet delegation, headed by Yuriy Maslyukov, first deputy chairman of the USSR Council of Ministers, which was in China to attend the third session of the Sino-Soviet Commission on Economic, Trade, and Scientific and Technical Cooperation, will leave Beijing on the morning of 9 June for home.

Li Peng Comments on Summit

OW0806130588 Beijing XINHUA in English
1220 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Chinese Premier Li Peng said here today China speaks highly of the recent U.S.-Soviet summit and hopes the two superpowers to continue serious talks over the reduction of strategic nuclear weapons and achieve further results.

China shows great concern over the expansion of the arms race to high technology and into the outer space, he added.

Li made these remarks at today's meeting with Yuriy Maslyukov, first vice-chairman of the Council of Ministers of the Soviet Union.

The Chinese Government also positively evaluates the signing of the Geneva accord on the Afghanistan issue and hopes the Soviet Union would pull out its troops from the country according to the accord, Li said.

Li reiterated China's expectation that the Soviet Union should urge play [as received] a more important role in the peaceful resolution of the Kampuchea question by urging Vietnam to Withdraw from there.

"We believe that the Soviet Union can do a lot in this regard," Li added.

Yuriy Maslyukov arrived in Beijing last Friday to attend the third meeting of Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation.

Congratulating [him] upon the fruitful meeting, which ended here earlier today, Li said the Sino-Soviet cooperation in these fields has made much progress and the border trade has become active over the past few years.

However there is still great potentiality, he said.

Turning to the current reforms, Li said though situations in socialist countries are different, many of them are carrying out reforms to bring into full play the superiority of socialism.

"The Chinese Government and people are concerned over the reform in the Soviet Union and wish it success," he said.

Yuriy Maslyukov said the present meeting would pave a way for a possible expansion of cooperation between the two countries and hoped China to make even greater progress in its current reforms and socialist construction.

Tian Jiyun, vice-premier and chairman of the Chinese side in the commission, attended today's meeting.

After the meeting both sides signed the summary of the meeting and other two documents of economic cooperation and trade between the two countries.

Youth Group Leaves for 'Friendly Visit' to USSR
OW0906124288 Beijing XINHUA in English
1017 GMT 09 Jun 88

[Text] Beijing, June 9 (XINHUA)—A Chinese youth delegation led by Liu Yandong, president of the All-China Youth Federation, left here for Moscow by air this afternoon on a friendly visit to the Soviet Union.

The 7-member delegation are guests of the Committee of the USSR Youth Organizations.

Soviet Press Reviews Foreign Policy
HK0906045088 Beijing GUANGMING RIBAO
in Chinese 25 May 88 p 4

[Newsletter from Moscow by GUANGMING RIBAO reporter Gao Fengyi (7559 7685 0308): "Soviet Press Examines Foreign Policy"]

[Text] With rare frankness, some articles published recently in Soviet newspapers and periodicals made a penetrating analysis and incisive criticism of Soviet foreign policy over the years.

Arbatov, a noted Soviet expert on international issues, pointed out in an article that during the end of the 1970s and early 1980s, Soviet understanding of the world situation and changes in international relations did not conform to reality in every aspect and that the means and methods adopted in Soviet foreign policy should not be appraised positively. In fact, another expert pointed out explicitly: some contents in Soviet foreign policy can be regarded as hegemonism.

A number of Soviet personages believed that the Soviet Union should be responsible for the deteriorated international situation. In understanding the military and political reality and forsaking outdated viewpoints, academician Arbatov said, the moves of the Soviet Union have been relatively slow. Sometimes its policy has consciously or unconsciously aggravated the tense international situation. A signed article published in Soviet LITERATURNAYA GAZETA pointed out sharply that hegemonism and great-nation chauvinism intrinsic in Stalinism has been deeply rooted in external relations. Moreover, it has frequently menaced the political balance between states, particularly between the East and West. The crisis in East-West relations by the end of the 1970s should be attributed to the misjudgement and mistakes made in foreign policy during the Brezhnev administration.

Certain practices of the Soviet Union in its relations with the Third World following World War II were also censured. Dr (Darshev), a historian, pointed out that Lenin was against export of revolution. However, the Soviet Union involved itself in political, military, and diplomatic regional conflicts, regarding the coup d'etat at the top levels of some developing countries as a victory of socialism and ignoring the negative effects of these

practices on relaxation and East-West relations as a whole. A number of Soviet personages believed that the troops sent by Soviet Union to Afghanistan was a grave mistake in foreign policy during the Brezhnev administration. As a socialist country, they emphatically pointed out, the Soviet Union should exert a positive influence on the world's social progress with the achievements attained in its political, economic, scientific, technological, and cultural fields.

Regarding relations between the Soviet Union and other socialist countries, some newspapers and periodicals pointed out, Stalinist policy also manifested hegemonism and great-nation chauvinism. The Soviet Union once believed that the relations between socialist countries could be established strictly on the basis of democratic centralism. Facts have proved that this understanding is untenable. In 1948, Dr (Darshev) wrote in an article, Yugoslav was "expelled" from the socialist camp because it was unwilling to obey Stalin's orders. It was a typical manifestation of hegemonism. Later, the Soviet Union parted company with China and Albania. We cannot say that we made no mistake in this regard.

Since new Soviet leader Gorbachev proposed his new thinking in foreign policy, the appraisal of Soviet Union's foreign policy prior to reform has become a question of public concern. Now the Soviet press has broken through this sensitive "forbidden zone" and started to examine carefully the foreign policy pursued from the period after the war to the Brezhnev administration. This will promote the Soviet Union's "new thinking in foreign policy."

Northeast Asia

Article on Marco Polo Bridge Incident Refuted
OW0806230088 Beijing in Japanese to Japan
0930 GMT 7 Jun 88

[Article by (Cho Rippyo), specialist on Japanese history of the Chinese Academy of Social Sciences: "The Marco Polo Incident Was Provoked Singlehandedly by Japanese Imperialism"]

[Excerpts] Recently, there have been attempts by some people to deny the history of Japanese aggression against China during World War II. A newspaper article even attempted to rehabilitate the reputation of the Japanese imperialists in relation to the Marco Polo Bridge Incident of 7 July, 1937. In this connection, we will broadcast the summary of an article entitled "The Marco Polo Incident Was Singlehandedly Provoked by Japanese Militarism" by (Cho Rippyo) [as heard], specialist on Japanese history of the Chinese Academy of Social Sciences. [passage omitted]

In a special report published on 14 May, the Japanese SANKEI SHIMBUN claimed that the Marco Polo Bridge Incident was an accident and that the first shot was fired by the Chinese side. It asserted that if the

Chinese Army had been more prudent in its actions, the incident might have been prevented. Such a view absolutely runs counter to historical fact. [passage omitted]

Even before the incident, Japanese militarism led to invasion and the occupation of China's three northeastern provinces. Militarists further engaged in preparations for the implementation of a predetermined policy of occupying all of China. Japanese militarism was bent on waging a large-scale aggressive war. With regard to the Marco Polo Incident, even then Chief of Staff of the Japanese Army Hashimoto admitted in 1939 that the outbreak of this small incident as something to lead to an ultimate solution of the China problem was inevitable. Thus under the premise of Japanese militarism's intentional expansion of aggression against China, the Marco Polo Incident would have happened sooner or later. It was absolutely no accident.

The historical fact that the Marco Polo Bridge Incident was provoked by the Japanese Army cannot be changed by some people in Japan expressing nonsensical opinions on who fired the first shot. On this point, then Assistant Military Attache in China Takeyoshi Imai related in his memoirs that 1 month before the incident, rumors in political circles in Tokyo had it that on the night of Tanabata—seventh day of the seventh month—an incident similar to the Liutiaogou Incident would occur in the Northeastern region of China. This shows that the Marco Polo Bridge Incident had been premeditated by the Japanese Army. As a matter of fact, the Japanese Army had been holding frequent military exercises at [place name indistinct] near the Marco Polo Bridge since May of that year. [passage omitted]

As to who fired the first shot, even personal notes written by the then Japanese Army Company Commander Shimizu did not say that the Chinese side fired the first shot. In the memoirs of Jin Zhenzhong, then battalion commander of the Chinese garrison, used by some Japanese as their evidence, the provocative acts of the Japanese Army were recorded clearly. [passage omitted]

With such historical facts, we have to say that to allege that the Chinese side fired the first shot represents not just idle speculation but malicious distortion on the part of some individuals. We cannot but conclude that views on the part of some Japanese that there was no aggressive intention in the actions taken by the Japanese Army, or that the leadership of the Japanese Army responsible for settling the incident afterwards were all moderates, or that the deterioration into all-out war was all because of the lack of prudence on the Chinese side, are absolute nonsense. [passage omitted]

Finally, (Cho's) article states: Since the 14 May SANKEI SHIMBUN article admits that Japan's actions in China constituted aggression, it should not defend the Japanese Army's crimes. It is but natural for one to try to repel the robber if he attempts to get into the house. We must say that

it was a matter of course for the Chinese people to attack the aggressors against our country in order to safeguard our territory and sovereignty. [passage omitted]

Zhu Xuefang Meets Japanese Diet Delegation
OW0906050188 Beijing XINHUA in English
1331 GMT 9 Jun 88

[Text] Beijing, June 8 (XINHUA)—Zhu Xuefang, vice chairman of the Standing Committee of the National People's Congress, met and feted here today a Japanese delegation, led by Kawakami Tamio, member of the Japanese House of Representatives.

Study Investigates Hainan Development
OW0806222888 Tokyo KYODO in English
1158 GMT 8 Jun 88

[Text] Tokyo, June 8 KYODO—Massive outlays of about 65 billion yuan (2.3 trillion yen) will be required to implement China's ambitious plan to develop the island of Hainan into a gigantic free economic zone, according to a survey conducted by a Japanese agency.

The finding was made known Wednesday by the government-financed Japan International Cooperation Agency, which conducted a survey from March 1986 to last May at the request of the Chinese Government.

The agency said the outcome of the survey will be included in a report to be submitted to the Chinese Government later this month.

China will later launch feasibility studies on various development projects on the basis of the report, the agency said.

The project is also expected to be discussed during Prime Minister Noboru Takeshita's visit to Beijing planned for August.

The Chinese Government recently upgraded the island to a province as a step toward turning it into a special free trade and economic zone open to foreign investment.

A report to be submitted to China will lay down a 20-year strategy to develop the island into a new base for the country's economic development.

The report will stress the need for the island to shift its economic structure from agriculture to industry, tourism and service, establish five development bases and expansive economic blocs, and complete energy supply, communications and transportation networks to back up the island's development.

It estimated the required capital investment from 1985 to 2005 at 67 billion yuan, of which 20 billion yuan will be covered by the Chinese Government's fiscal outlays.

Under these plans, the island's total output, worth 6 billion yuan in 1985, will be increased sixfold in the 20-year period.

The report calls for expanding the island's relations with newly industrialized nations in Asia such as Singapore, and those which are also rapidly developing such as Thailand, to develop export markets.

It will urge the Chinese Government to actively induce private capital investment from the United States, Europe and Japan in the future.

Japanese Firm, Beijing University Form Joint Venture
OW0306144488 Tokyo KYODO in English
1244 GMT 3 Jun 88

[Text] Tokyo, June 3 KYODO—Canon Inc., a major camera and information equipment maker, said Friday that it has set up a joint firm with Beijing University to develop, produce, and sell electronic desk-top publishing (DTP) systems for printing and software for personal computers.

The DTP devices will combine Beijing University's ability for developing software related to computerized phototypesetting and Canon's laser beam printer technology.

The joint venture, Pecan Information Technology Inc., headquartered in the compound of Beijing University, is the first of its kind to be formed between Japan and China. It is capitalized at 700,000 U.S. dollars, with Beijing University contributing 50 percent, Canon 40 percent and a Japanese software firm 10 percent.

Chen Jiaer, vice president of Beijing University, heads the new firm as president.

Pecan will sell DTP systems in China. It will also draw on Beijing University's software technology to develop software for personal computers mainly for marketing in Japan.

It projects sales of 5.5 million yuan in the first year and 15 million yuan 3 years later.

Sino-Japanese Joint Venture Ahead of Schedule
OW0806143988 Beijing XINHUA in English
0604 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Basic infrastructure construction on a large Sino-Japanese joint venture has just finished in Beijing, with the whole project expected to be completed ahead of schedule.

The Beijing-Matsushita Color Television Tube Company started construction last September, and hopes to start operation in September 1989.

The project is co-funded by the Japanese Matsushita Electronics Industrial Company and the Beijing Television Tube Factory and two affiliate companies in line with a contract signed in late 1986.

The project needs a total investment of 490 million yuan (132.4 million U.S. dollars) for building more than 80,000 square meters of floor space, and is designed to turn out 1.81 million color television tubes a year.

DPRK Administration Council Reorganized
OW0406134388 Beijing XINHUA in English
0651 GMT 3 Jun 88

[Text] Pyongyang, June 3 (XINHUA)—Korean President Kim Il-song has partially reorganized the administration Council and ordered personnel changes, the Korean Central News Agency (KCNA) reported today.

KCNA said the construction and building material industry commission was split into the Building Material Industry Commission and the Construction Ministry, and the Chemical and Light Industry Commission was divided into the Light Industry Commission and the Ministry of the Chemical Industry.

Vice Premier Hong Song-nam was named chairman of the State Planning Commission, succeeding Kim Tal-hyon who was appointed chairman of the External Economic Commission.

Vice Premier Kim Hwan, who had been chairman of the reorganized Chemical and Light Industry Commission, was appointed minister of chemical industry.

Vice Premier Kim Pok-sin, the former chairman of the External Economic Commission, was appointed chairman of the Light Industry Commission.

Vice Premier Cho Se-ung was relieved of the chairmanship of the construction and Building Material Industry Commission.

Cho Chol-chun was named minister of Construction and Chu Yong-hun assumed the post of chairman of the Building Material Industry Commission.

Southeast Asia & Pacific

SRV 'Intruders' Defeated by Yunnan Militiamen
HK0906112888 Beijing RENMIN RIBAO
in Chinese 9 Jun p 4

[By correspondent Zhang Huaxing and reporter Duan Jianxun]

[Text] Kunming, 8 Jun (XINHUA)—In the past few days, brave and clever militiamen protecting their villages and farmland in the border areas of Yunnan won

three consecutive battles, wounding or killing more than 10 enemy personnel without suffering any casualties on their side and punished severely spying Vietnamese Army intruders.

Between 4 and 7 June our militiamen in the border region won three consecutive battles. On 4 June, four Vietnamese Army special agents sneaked into a stockaded village in Qiaotou [qiao tou 2890 7333] District, Hekou County. After discovering traces of the enemy, our patrolling militiamen bravely pursued and attacked the enemy. All four enemy personnel were wounded or killed. At 1900 [1000 GMT] on 6 June, a group of Vietnamese soldiers intruded into the vicinity of Gejie village in Jinping County, pressing toward people working on their farm. Eleven Chinese militiamen immediately opened fire at the enemy to cover the evacuation of people, while militiamen in the village also promptly gave support. After a fierce battle, four Vietnamese soldiers were wounded or killed. The rest of the Vietnamese soldiers fled in panic in the dim light of night. The Chinese side captured some enemy military supplies including submachine guns, bullets, daggers, maps and several army caps. At 1500 [0600 GMT] on 7 June, five Vietnamese soldiers once again intruded into the same locality in a sneak attack. They were given a head-on blow by the highly vigilant border militiamen. During the battle, the militiamen of Gejie village again killed one enemy soldier and wounded three others.

Sihanouk Urges No Famine Aid to Vietnam
OW0806091588 Beijing XINHUA in English
0719 GMT 7 Jun 88

[Text] Rome, June 6 (XINHUA)—The food situation in Vietnam is seriously deteriorating with large sections of the population in the north facing severe food shortages and famine.

It was disclosed Monday by the United Nations Food and Agriculture Organization (FAO) in a special report issued by the international body's global information and early warning system.

Vietnam's cereal crops last year were damaged by the weakest and most erratic monsoon on record. Official figures showed food grain production fell from 18.2 Million tonnes in 1985 to 17.6 million in 1987, the agency said.

The agency also indicated that an unusually long winter, inadequate rains and severe pest damage are expected to affect about 20 percent of this year's crops.

The report came after a Vietnamese Government appeal to the international community to help feed an estimated seven million people in 12 provinces and cities.

"Urgent steps must be taken to provide additional emergency food assistance and expedite the distribution," FAO said.

President Norodom Sihanouk of Democratic Kampuchea earlier appealed to the international community to withhold assistance to Vietnam, saying famine prevailing in Vietnam now is due to lack of efforts by its government and army for the people's welfare and development.

"If aid, even humanitarian aid, is provided, Vietnam will not use it for the people's relief, but for the continuation of the aggressive war in Kampuchea," he said.

SRV To Join Informal Talks on Cambodia
OW0806141588 Beijing XINHUA in English
1527 GMT 7 Jun 88

[Text] Bangkok, June 7 (XINHUA)—Vietnamese Foreign Minister Nguyen Co Thach has confirmed that Vietnam will take part in an informal meeting on the Kampuchean problem in Jakarta, the Thai News Agency reported today.

Thai Foreign Minister Sitthi Sawetsila yesterday quoted Indonesian Foreign Minister Ali Alatas as saying Nguyen Co Thach had told the latter that Vietnam would attend the informal meeting in Jakarta, which will also be attended by the four factions of Kampuchea and other countries concerned.

The meeting will be held later this month, he said.

Sitthi disclosed that Nguyen Co Thach may come here to meet him in mid-June.

It was reported that the meeting is aimed at seeking a political solution to the Kampuchean problem.

The Association of Southeast Asian Nations and the coalition government of Democratic Kampuchea have declared that if such a meeting is to be held, Vietnam, as a party directly involved in the invasion of Kampuchea, should take part in the meeting and talk to the resistance government.

Li Peng To Visit Thailand in November
HK0906090088 Hong Kong AFP in English
0843 GMT 9 Jun 88

[Text] Bangkok, June 9 (AFP)—Chinese Prime Minister Li Peng has accepted an invitation to visit Thailand in November, a government spokesman said here Thursday.

Thai Delegation Arrives, Meets Wang Renzhong
OW0906024788 Beijing XINHUA in English
1352 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference (CPPCC) hosted a banquet here this evening in honor of a delegation from the Privy Council of Thailand, led by Deputy President Prakop Hutasing.

Speaking at the banquet, Wang Renzhong, vice-chairman of the CPPCC National Committee, praised the Sino-Thai friendship, adding that this friendship is not only in the interest of the Chinese and Thai peoples, but also conducive to peace and stability in Asia.

He said that the CPPCC is willing to promote friendly contacts with Thai institutions and organizations to promote mutual understanding and world peace.

Prakob also expressed satisfaction with the growth of Thai-Chinese relations since the two countries established diplomatic relations.

"Although Thailand and China may have some differences, these differences should never stop our two countries from being real friends," he added.

Wang and Prakob held talks, during which they exchanged views on the Kampuchea question, here this morning. The Thai visitors arrived here yesterday at the invitation of the CPPCC National Committee.

Firm To Set Up Joint Venture in Malaysia
OW0906014388 Beijing XINHUA in English
0132 GMT 8 Jun 88

[spellings of Malaysian names as received]

[Text] Hong Kong, June 8 (XINHUA)—A company from China has indicated interest in setting up a chemical and rubber factory involving investment of one million U.S. dollars in Malacca State in Malaysia, XINHUA learned today.

The indication was given by a six-member delegation from the Beijing Chemical Industry Corporation led by its Vice-President Zou Guangkun in a Tuesday meeting with Abdul Rahim Tamby Chik, chief minister of the state.

The chief minister's press secretary, Asari Ibrahim, said that the two sides had discussions focusing on the setting up of the project.

He said the company planned to undertake the project on a joint-venture basis with a local manufacturer.

Further discussions between the Government of Malaysia and representatives of the Chinese company will be held.

Near East & South Asia

Li Ximing Ends Iraq Visit, Urges End to Gulf War
OW0806141388 Beijing XINHUA in English
1042 GMT 8 Jun 88

[Text] Baghdad, June 8 (XINHUA)—Li Ximing, head of the Chinese delegation, said that China will continue its efforts for implementing the UN Security Council Resolution 598 calling for an end to the Iraq-Iran war.

In an exclusive interview with "XINHUA" Tuesday night prior to his departure from Baghdad after a four-day visit to Iraq, Li Ximing, who is also a member of the Chinese Communist Party Central Committee, expressed appreciation for the achievements made by the Iraqi people in the construction of their country.

During his visit, Li Ximing met with the Iraqi President Saddam Husayn and talked with First Deputy Prime Minister Taha Yasin Ramadan, Deputy Prime Minister and Foreign Minister Tariq 'Aziz, and other officials on the friendly ties between the two countries and means of boosting them.

The two sides expressed satisfaction at the development of ties and cooperation between the two countries and two parties in the recent years, and hoped that these ties will be further developed for the common interests of the two peoples.

The Chinese Communist Party delegation had visited Bulgaria and Yugoslavia before visiting Iraq.

Arrives in Damascus
OW0806202388 Beijing XINHUA in English
1808 GMT 8 Jun 88

[Text] Damascus, June 8 (XINHUA)—A delegation of the Communist Party of China headed by Li Ximing, a member of the Political Bureau of the CPC Central Committee, arrived here this afternoon to exchange views with Syria's Arab Socialist Baath Party and the Syrian Government.

Talks will focus on the existing cordial relations between the two parties and two peoples, as well as on other issues of mutual concern, Li told the press on his arrival.

Li pointed out that both countries belong to the Third World and have suffered from imperialist oppression, and today they are facing the common tasks of developing a national economy and safeguarding world peace.

"We are quite sure that the visit will boost mutual understanding and friendship and will open a new phase in Syrian-Chinese relations," Li said.

The CPC delegation was met at the Damascus International Airport by a member of the Syrian Baath Party's National Command, Sami al-Attar, and other senior Syrian officials.

The Chinese delegation will hold talks with the Syrian officials on ways of developing relations between the two parties and two countries and visit various economic and agricultural projects.

1988 Trade Protocol With India Signed
OW0806162088 Beijing XINHUA in English
0932 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—The trade protocol for 1988 between the Chinese and Indian Governments was signed here today.

Shen Jueren, Chinese vice-minister of foreign economic relations and trade, and A.N. Varma, secretary of the Indian Ministry of Commerce, signed the document on behalf of their respective governments.

Earlier, Zheng Tuobin, Chinese minister of foreign economic relations and trade, met Varma and an Indian Government trade delegation led by him.

'Roundup' Examines India's Pullout From Sri Lanka
OW0906062488 Beijing XINHUA in English
1543 GMT 7 Jun 88

["Round-up: India Begins Troop Pullout from Sri Lanka (by Zhang Zhinian)"]—XINHUA headline]

[Text] Beijing, June 7 (XINHUA)—Several hundred Indian troops in Sri Lanka today boarded a ship at the eastern port city of Trincomalee as the first group of Indian troops to embark on their voyage home.

The departing Indian troops are taking with them tanks, armoured vehicles, heavy artillery, and bridge-building equipment, all of which were brought to Sri Lanka when thousands of Indian troops first landed on the Jaffna Peninsula on July 30 last year.

Sri Lankan Defence Ministry Secretary General Sepala Attiyagalle, watching the withdrawal with Indian military commandant General A. S. Kalkar, read out a statement as the troops embarked saying that the first pullout is part of the implementation of the agreement reached by Indian Defence Minister K.C. Pant and Sri Lankan President Junius Jayewardene when the Indian minister visited Colombo early last week. A statement issued by the Indian High Commission in Sri Lanka this morning said the Indian troops "no longer operationally required" embarked for India at Trincomalee Tuesday.

The statement did not give the exact figure of the departing troops, nor did it mention a timetable for a complete withdrawal of the estimated 52,000 Indian troops deployed in the northern and eastern parts of Sri Lanka.

India began sending soldiers into Sri Lanka on the day following the signing of a peace accord by Indian Prime Minister Rajiv Gandhi and Sri Lankan President Jayewardene on July 29, 1987.

The Indian troops came to the island nation to enforce the peace accord aimed at ending the 5-year ethnic conflict. The deployment increased in October after armed Tamil separatist groups renounced the peace plan, refused to surrender all of their weapons and resumed fighting.

Starting October 10, Indian troops launched a week-long offensive on Tamil bases in Jaffna in northern Sri Lanka, killing 2,163 and capturing 250 militant Liberation Tigers of Tamil EELAM (LTTE), the most powerful Tamil armed group in that part of the country. During fighting over the past several months, more than 1,000 Indian troops were also reported killed or wounded.

According to a report from Colombo, Indian troops have recently mounted a major attack against the LTTE in the eastern coastal city of Batticaloa. They are carrying out "cordon-off and search" operations, while completely sealing off certain districts in search of LTTE leaders and their bases.

Indian troops seem to have been successful recently, leading Indian and Sri Lankan officials to agree that the Indian forces could be reduced.

However, the Indian presence also has been criticized by many Sinhalese who view it as a threat to Sri Lanka's independence. It is not yet known when arrangements will be made for a total Indian pullout.

Interim Government of Resistance Near Kabul
OW0806083988 Beijing XINHUA in English
0732 GMT 8 Jun 88

[Text] Islamabad, June 8 (XINHUA)—The long-proposed interim government of the Afghan resistance forces will be established near Kabul, capital of Afghanistan, within a week or two, resistance sources said here today.

The 12-member cabinet headed by Engineer Ahmad Shah will be announced in two or three days, the sources said.

The supreme council of the seven-party resistance alliance in their meetings held over the last few days has already finalized the blue print of the interim government and future line of action. A number of reports submitted by the ad hoc committees were discussed.

The Afghan resistance forces have sent three delegations to Afghanistan to select the location of the future interim government and several places have been suggested.

The Afghan resistance forces have so far rejected all the proposals and offers of the Kabul regime for ceasefire and participation in a reconciliation government in Kabul and a newly elected parliament. They maintain that the Najibullah regime is a puppet regime of the Soviet Union and will not last long after the Soviet troop withdrawal from Afghanistan.

It was reported that Kabul's newly appointed Prime Minister Mohammad Hasan Sharq yesterday announced his 31-member cabinet, which includes people inside and out of the ruling People's Democratic Party of Afghanistan (PDPA).

In his policy statement Sharq reiterated that his government is determined to pursue "national reconciliation."

The opposition demands could be met through negotiations and without war, he said.

He also claimed that Kabul will follow a non-aligned foreign policy, alleging that his government aims to establish friendly relations with all countries, especially with its neighbors of Pakistan and Iran.

Pakistan Rejects Kabul Regime's Accusations
OW0806190488 Beijing XINHUA in English
0136 GMT 8 Jun 88

[Text] United Nations, June 7 (XINHUA)—Najibullah, head of the Kabul regime, threatened here today to consider delaying the withdrawal of Soviet troops "if outside interference does not cease."

Najibullah made the threat when asked at a press conference to clarify his statements in the general debate of the third special session on disarmament of the UN Assembly.

Kabul, he said, "will certainly renew consideration of rescheduling of Soviet troop withdrawal together with the Soviet Union" if outside interference continues.

In his speech in the general debate, Najibullah accused Pakistan of interfering in the internal affairs of Afghanistan and violating the Geneva accord for the political settlement of the Afghan problem.

If Pakistan does not end interference in the internal affairs of Afghanistan, he said, "Afghanistan reserves its right to react to this in a manner warranted by the situation."

Under an agreement signed April 14 in Geneva, the Soviets began withdrawing on May 15. At least half of the Soviet military contingent of 115,000 troops is to be pulled out of Afghanistan by August 15 and the rest by February 15 next year.

Mansoor Suhail, press attache of the permanent mission of Pakistan to the United Nations, told XINHUA that "Pakistan totally rejects these groundless accusations."

Pakistan, he said, "has strictly abided by the provisions of the Geneva accords, and will continue to do so. Kabul's charges are only intended at confusing world public opinion."

Several hundred Afghan refugees demonstrated in front of the United Nations while Najibullah spoke to the General Assembly. They held placards bearing "Soviet troops out of Afghanistan," and some other slogans against the pro-Soviet Kabul regime.

The demonstrators threw rotten eggs, tomatoes and apples at limousines carrying Najibullah and his party as they entered and left the United Nations.

Many delegations boycotted the Najibullah speech. The United States sent only an intern from the Foreign Service College. Pakistan's only representative, a third secretary of its UN mission, left the assembly hall after only a few minutes of the speech.

West Europe

Tian Jiyun, Turkish Minister Discuss Trade
OW0806181588 Beijing XINHUA in English
0959 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today a Turkish Government economic and trade delegation led by Minister of State Adnan Kohveci.

Tian said that the Sino-Turkish economic relations have made big progress in recent years and the two-way trade has been on the increase.

He expressed the hope that both countries will work to explore the potentials for further development of bilateral trade and economic relations.

The Turkish delegation is here attending the sixth session of the China-Turkey Economic and Trade Mixed Committee.

Zheng Toubin at British Envoy's Reception
OW0906105888 Beijing XINHUA in English
1016 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA)—The birthday of British Queen Elizabeth II was celebrated at a reception hosted by Richard Evans, British ambassador to China, here today.

Present at the reception were Fei Xiaotong, vice-chairman of the Standing Committee of the Chinese National People's Congress, and Zheng Toubin, Chinese minister of foreign economic relations and trade.

India's Gandhi Begins 3-Day Visit to FRG
OW0706130688 Beijing XINHUA in English
0533 GMT 7 Jun 88

[Text] Bonn, June 6 (XINHUA)—Indian Prime Minister Rajiv Gandhi arrived in Federal Germany Monday for a three-day official visit to seek more bilateral economic cooperation.

Gandhi flew to the southwestern city of Stuttgart, one of Federal Germany's main economic centers, on his first stop to tell local officials and business leaders that India would be a reliable trade partner.

In reply to a welcoming address given by Lothar Spaeth, prime minister of Baden-Wuerttemberg State, Gandhi said "we look forward to further developing commercial and industrial relations with your great economic enterprise."

Gandhi flew to Munich later on Monday for talks with Bavarian Premier Franz Josef Strauss on economic cooperation and for a visit to Siemens Ag, the electric giant in Federal Germany.

It was the first visit by an Indian prime minister to Federal Germany since Indira Gandhi's visit in 1971.

Before starting his Federal Germany tour, the prime minister told DPA that he hopes the visit will contribute to the strengthening of economic relations between the two countries.

India is showing great interest in Federal Germany's craftsmanship and technology, he said, adding that he believes Federal Germany also cherishes similar interest in tightening bilateral economic ties between the two countries.

Federal German Government Spokesman Friedhelm Ost said in Bonn Sunday that Federal Germany has offered 8.9 billion deutsche marks (5.2 billion U.S. dollars) of financial help to India since 1958.

He said his government is to supply more aid to India's Rourkela Steelworks which Federal Germany helped build 30 years ago.

Gandhi is scheduled to meet Federal Chancellor Helmut Kohl and other government officials in Bonn Tuesday.

The prime minister is accompanied by his wife Sonia, Foreign Minister Natwar Singh and Secretary of State for Finance M.S. Venkataraman.

Meets Chancellor Kohl
OW0806144088 Beijing XINHUA in English
0600 GMT 8 Jun 88

[Text] Bonn, June 7 (XINHUA)—Federal German Chancellor Helmut Kohl said here Tuesday that he supports Indian Prime Minister Rajiv Gandhi in seeking German investment in India.

Kohl made the remarks during a two-hour-long meeting with Gandhi, who is on an official visit to Bonn.

The two leaders expressed their willingness to strengthen political and economic cooperation and agreed to develop their existing political contact into regular consultation between the foreign ministers.

They also agreed to set up a joint panel of experts to beef up their economic cooperation, especially in high technology.

On Monday, Bonn announced a 600-million deutsche mark (350-million U.S. dollars) aid package to India, two-thirds of which will be development aid and the remaining in loans to modernize a steelworks at Rourkela in Orissa State, eastern India, which was built in 1958 with Federal German help.

Gandhi also met German President Richard von Weizsaecker before delivering a speech to a group of prominent businessmen at the invitation of the country's industrial federations.

Gandhi appealed to his hosts to invest in India and ensured them that there will be lower tariff barriers and less red tape.

He also asked Federal Germany and the European Community to increase their imports from India, saying "there is scarcely a product we do not manufacture—from spacecraft to silicon chips, atomic reactors to avionics, fabrics to footwear."

Gandhi flew to the southwestern city of Stuttgart, one of Germany's main economic centers, to begin his German tour, the first by an Indian prime minister since Indira Gandhi's visit in 1971.

Gandhi Hopes To Settle Sino-Indian Border Issue
*OW0806144788 Beijing XINHUA Domestic Service
in Chinese 0602 GMT 8 Jun 88*

[Text] Bonn, 7 Jun (XINHUA)—Rajiv Gandhi, Indian prime minister who is currently visiting the FRG, said today: Right now, the situation is calm along the Sino-Indian border, and India is expanding its "contacts at all levels" with China. He hoped to hold talks with China for the settlement of the border issue.

He made this remark when addressing a group of FRG businessmen.

Rajiv Gandhi arrived in Bonn on 6 June for a visit to the FRG. Today, FRG President Richard von Weizsaecker and Chancellor Helmut Kohl met with the Indian prime minister on separate occasions.

Rajiv Gandhi made a speech to a group of FRG businessmen. He said his trip was mainly aimed at seeking Federal German cooperation, and expanding India's exports to Federal Germany and the European Community. He called on West German industrialists to make investments in India.

Poland's Messner Continues Official Visit

Briefed by Li Peng

*HK0906060088 Beijing RENMIN RIBAO in Chinese
7 Jun 88 p 1*

[Report by Li Jingwei (2621 2529 5898): "Li Peng Holds Talks With Poland's Messner"]

[Text] Beijing, 6 Jun—Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee, and Prime Minister of the State Council, said: Reforms in China have reached a crucial moment. The key to China's present reform effort is the proper handling of the relationships between prices and wages.

He added: We need to resolve our problems in an active and proper manner and promote political structural reforms actively and properly. At the same time, we should establish a new socialist commodity-based economic order by implementing a series of regulations and decrees.

Li Peng made these remarks while holding talks with Zbigniew Messner, member of the Political Bureau of the Central Committee of the Polish United Workers' Party and chairman of the Council of Ministers of Poland, at Beijing's Great Hall of the People this morning.

During the course of the talks, both sides exchanged views extensively on the present international situation. Messner said: At present there appear to be some positive signs in international situation, with relations between East and West having eased to a certain degree.

However, a number of dangerous and tension-causing factors continue to exist. Therefore, various countries in the world should continue their efforts for peace and cooperation.

Li Peng pointed out: Both countries hold identical or similar views on the international situation. He stressed: "At present, on the one hand, there is a trend in the international situation, which is worth welcoming. On the other hand, concerns remain that cannot be passed off lightly." However, on the whole, the international situation is developing in a direction favorable to the people of the world.

Both the guest and the host expressed satisfaction over the all-around development of relations between the two parties and the two countries. Both of them stressed: The two countries are carrying out their political and economic reforms. It is of particular significance to exchange their experiences in reforms. Both sides also discussed broadly and concretely their future friendly cooperation in economic, trade, scientific and technological, and cultural fields, and so on. They expressed their firm belief that friendly and cooperative relations between the two parties and countries will develop in a continuous, sustained, stable, profound, and all-round way.

Messner also briefed Li Peng on Poland's domestic situation. He said: Poland has made certain achievements in economic structural reform and the expansion of socialist political democratization carried out since 1981. Although Poland has encountered some difficulties during the second stage of economic reforms, the Polish party and government have adopted effective measures to invigorate the economy and improve market conditions in order to continue to push the reforms forward.

Prior to the talks, Li Peng presided over a ceremony in a square in front of the eastern gate of the People's Great Hall to welcome warmly Messner and his wife as they arrived for an official and friendly visit to China.

Li Peng Hosts Banquet

*HK0906055088 Beijing RENMIN RIBAO in Chinese
7 Jun 88 pp 1,4*

[Report by Li Jingwei (2621 2529 5898): "Li Peng Fetes Poland's Messner"]

[Text] Beijing, 6 Jun—Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee, and premier of the State Council, hosted a banquet this evening at the People's Great Hall, to warmly welcome Zbigniew Messner, member of the Political Bureau of the Central Committee of the Polish United Workers' Party and chairman of the Council of Minister of Poland, his wife and his entourage.

While proposing a toast, Li Peng said: Under the leadership of the Polish United Workers' Party headed by Jaruzelski, the Polish people are overcoming their temporary difficulties on the path of advance, and are carrying out their political and economic structural reforms in light of their national conditions. The Chinese people appreciate and admire their courage to explore socialist construction and reform, and sincerely hope that Poland will make new and greater achievements in its second stage of reform, and in further stabilizing the situation, developing the economy, enhancing people's livelihood, and so on.

While talking about bilateral relations, Li Peng stressed: In recent years, our party and government leaders have held high-level contacts regularly to discuss and exchange experiences in socialist construction, and in economic and political structural reforms. Our two countries have made marked progress in promoting their relations in economic, trade, scientific and technical, and cultural fields, and so on. We are pleased and satisfied with the level and results achieved in bilateral relations.

He continued by saying: In recent years, positive changes have taken place in the international situation. Tensions have relaxed to a certain extent, and East-West relations have somewhat improved. However, we have always maintained that constant efforts by people from various countries are needed to achieve real relaxation in world tensions.

While proposing a toast, Messner said: Our friendship goes back to ancient times. There is no doubt that the socialist victory in our two countries has enabled our friendship to develop in a more profound and extensive way.

Messner pointed out: Poland and China are carrying out bold economic and political structural reforms. We believe that exchanging experiences and information will be very useful to these reforms in terms of their quality and orientation.

Messner stressed: The goal which we have set for ourselves is that we should carry out reforms in our social, economic and political life so that we will be close to prosperous socialism, and deviate from the pattern based on shared poverty. We are pleased to note that this view conforms with what Chinese leaders have said.

Those who were present at the banquet this evening were Li Tieying, Zhou Peiyuan, Huang Yicheng, and Comrade Li Peng's wife Zhu Lin, and so on.

Received by Yang Shangkun
HK0906020688 Beijing RENMIN RIBAO in Chinese
7 Jun 88 p 1

[Report by Li Jingwei (2621 2529 5898): "During a Meeting With Messner, Yang Shangkun Says China and Poland Can Learn From Each Other's Experiences in Reforms"]

[Text] Beijing, 6 Jun—While meeting Messner, member of the Political Bureau of the Polish United Workers' Party and chairman of the Council of Ministers, in the Great Hall of the People this afternoon, Yang Shangkun, member of the Political Bureau of the CPC Central Committee and State president, said: "Sino-Polish relations are very good. There is no conflict of fundamental interests between the two countries, nor are there any other problems. On the contrary, we share many common views and have common language in our great cause of building socialism and safeguarding world peace."

Yang Shangkun emphasized that China and Poland can strengthen their cooperation in many fields and learn from each other's experiences in reforms.

While relating the domestic situation, President Yang said that China is currently facing a critical stage of reform and some problems are being studied. "We believe we can resolve the difficulties and problems arising in reforms so long as our policies are correct and measures are appropriate. In our reforms, we must go forward and not backward; we will encounter some difficulties when we go forward, but going backward means wasting all the efforts we have already made."

Over the past few years, President Yang added, Polish comrades have been bold in carrying out reforms and have overcome many difficulties in deepening reforms. It is in this sense that we extend a special welcome to the visit by Polish comrades.

Messner stressed that Poland and China hold basically identical views on the development of the international situation and that cooperation between the two countries is lively and fruitful in many fields. Poland is paying close attention to China's experience in reform, he added, and much of China's experience in reform can be used for reference. Messner conveyed regards from Comrade Jaruzelski, Polish chairman of the Council of State, to President Yang Shangkun and thanked him for the tribute he paid to reforms in Poland.

Meets Zhao Ziyang
HK0906051688 Beijing RENMIN RIBAO in Chinese
8 Jun 88 p 1

["Dispatch" by reporter Li Jingwei (2621 2529 5898): "Zhao Ziyang Meets Messner, Stresses a Political Situation of Stability and Unity"]

[Text] Beijing, 7 Jun—At a meeting this morning with Zbigniew Messner, member of the Political Bureau of the Central Committee of the Polish United Workers' Party and chairman of the Council of Ministers of Poland, Zhao Ziyang, general secretary of the CPC Central Committee, said: China's political reform needs steady development; the precondition for this is a political situation of stability. Unity must also be guaranteed.

Zhao Ziyang said: China is a big country and is also backward in economy and culture. Therefore, political reform needs to develop steadily; the precondition is that a political situation of stability and unity must be guaranteed. He continued: In the past few years the reform of the economic structure has achieved conspicuous results. The economy has developed fairly rapidly and the economic results have also been fairly good. The momentum of this development is expected to continue.

Talking about the question of the economic structure, Zhao Ziyang said: Some problems and difficulties have cropped up because of the coexistence of both the new and the old systems. Our reform is at its critical point. We must solve some relatively difficult problems. Otherwise, it will be difficult to advance and we shall even go backwards. Therefore, we are now engaged in solving the problem of price and wages, which is a major difficulty in our reforms, as well as the problems of assuming sole responsibility for profits and losses of the enterprises. If these problems are solved, the new economic system can be set up all over the country.

Zhao Ziyang stressed that reform is the general trend for socialist countries. Difficulties or risks can hardly change this trend. The way of solving some difficulties and problems encountered lies in deepening the reforms. He added: We regard Poland highly for its firm determination, its spirit of bold explorations, and its policies and principles to properly solve problems in the reforms. It is hoped that we can strengthen exchanges of experience in various ways in the future.

Talking about bilateral relations, Zhao Ziyang said: We are pleased to see great development which has taken place in various fields in the relations between the two parties and two countries. The situation is gratifying and we greatly treasure such ever-growing fine relations.

Zbigniew Messner conveyed the regards to Zhao Ziyang of Wojciech Jaruzelski, first secretary of the United Workers Party of Poland and president of the Polish Council of State. He said: The development of the relations between the two parties and two countries of Poland and China is satisfactory. During the current visit the two sides have explored some new channels for cooperation. We believe that our bilateral relations will further develop in depth.

Messner said: Many of the experiences gained by the CPC in building socialism and deepening the reforms in accordance with China's national conditions can be helpful to Poland, which is carrying out its own reforms.

Talks With Deng Xiaoping

HK0906045888 Beijing RENMIN RIBAO in Chinese
8 Jun 88 p 1

[Report by reporter Li Jingwei (2621 2529 5898): "Deng Xiaoping Meets Poland's Messner, Speaks on Risk for Reform"]

[Text] Beijing, 7 Jun—Chairman of the Central Military Commission Deng Xiaoping said: In the course of reform, central leading comrades must be bold, and take reliable and safe steps, as well as maintain sound development in production.

Deng Xiaoping made these remarks when he was meeting with Zbigniew Messner, member of the Political Bureau of the Polish United Workers Party, and chairman of the Council of Ministers of Poland, at the People's Great Hall this morning.

Deng Xiaoping added: At present, China is deepening its reforms in a comprehensive way to lay a foundation for future development. We set our eyes not only on the present, but also on the future. He pointed out: "In the course of reforms, first, I encourage our central leading comrades to be bolder, and to take reliable and safe steps, and to sum up their experiences promptly. Second, in the entire course of reform, they should maintain sound development in production. So long as production registers fairly big growth, there will be much less risks for reforms." Deng Xiaoping said: "I think that our reforms stand a very good chance of success."

He continued to say: At present, China is carrying out its reforms, and so is Poland. Both countries have encountered some problems. Therefore, they should mutually exchange their experiences. However, the problems must be solved in light of their own national conditions and by thinking independently. Since their national conditions are different, and their problems vary, solutions to problems cannot be copied mechanically.

Comrade Deng Xiaoping asked Comrade Messner to convey his warm regards to Comrade Jaruzelski.

Messner conveyed Comrade Jaruzelski's warm greetings. He said: "Jaruzelski highly valued his meeting with you in China a year ago, and hopes to meet you again."

Messner added: The Polish party and people respect Comrade Deng Xiaoping very much. Poland is translating and compiling the "Selected Works of Deng Xiaoping" and it will soon come off the press. We appreciate this book very much. Messner continued to say: Poland has attached importance to the friendship between Poland and China, and has paid attention to the Chinese experiences in various respects. Remarks expressed by Comrade Deng Xiaoping today are very important, and will inspire Poland in its reforms.

Arrives in Nanjing

OW0806114588 Beijing XINHUA Domestic Service
in Chinese 1528 GMT 7 Jun 88

[Text] Beijing, 7 Jun (XINHUA)—Zbigniew Messner, PUWP [Polish United Worker's Party] Central Committee Political Bureau member and chairman of Poland's

Council of Ministers, and his wife left Beijing for Nanjing via special plane this afternoon. Huang Yicheng, minister of energy resources, accompanied the Polish guests to Nanjing.

Li Peng, Standing Committee member of the CPC Central Committee's Political Bureau and premier of the State Council, went to the Diaoyutai State Guesthouse to bid farewell to Messner and his wife.

Messner told Li Peng that he was satisfied with his visit to China and hoped that more talks of a substantial nature could be held between the leaders of the two countries. Li Peng wished his visit every success.

In the evening, the Jiangsu provincial people's government held a banquet at the Jinling Restaurant in Nanjing in honor of Messner and his entourage. Attending the banquet were Han Peixin, secretary of the Jiangsu provincial CPC Committee, and others.

Messner spoke at the banquet, hoping that Poland's Krakow Province, which has a long history, will become a fraternal province of Jiangsu Province in order to further enhance mutual understanding, friendship, and cooperation between the two provinces.

Attends Banquet in Xiamen

OW0806154988 Beijing XINHUA in English
1519 GMT 8 Jun 88

[Text] Xiamen, June 8 (XINHUA)—Zbigniew Messner, chairman of the Polish Council of Ministers, and his party were honored at a banquet here this evening.

Before the banquet which was given by Fujian Provincial Governor Wang Zhaoguo and Xiamen's Mayor Zou Erjun, Governor Wang briefed the Polish visitors on the development of the Xiamen Special Economic Zone.

After hearing the briefing, Messner said that Poland has been following the development of China's special economic zones for a long time. Poland also plans to set up one or two such special economic zones.

Messner and his party arrived here from Nanjing this afternoon. Before their departure from Nanjing, they visited a local radio factory, the Nanjing Yangtze River Bridge and other places of interest.

The Polish visitors were also honored at a banquet in Nanjing yesterday evening. Speaking at that banquet, Messner expressed the hope that friendship ties will be established between the Polish province of Krakow and China's Jiangsu Province.

Further Reportage on Students at Tiananmen Square

XINHUA Correspondent Reports

OW0806172388 Beijing XINHUA in English
1559 GMT 8 Jun 88

["Debate in Beijing University (by correspondent Gao Hui)"] — XINHUA headline]

[Text] Beijing, June 8 (XINHUA) — A poster fight, touched off by the death of a postgraduate student, has been going on over the last few days on the campus of Beijing University, drawing wide public attention here.

Despite this, life in this university, which schools some 13,000 students, goes on as usual. The libraries are packed with readers and ballgames are being played on the sports grounds.

Although a lot of students have expressed condolences for the dead student, most have ignored the call made by some for an anti-government, anti-reform demonstration in Tiananmen Square.

Posters began to appear on the campus following the death of Chai Qingfeng, a postgraduate at Beijing University, on June 2. He was killed by a group of gangsters. The Beijing Public Security Bureau managed to arrest all six suspects in 40 hours. Student protesters demand severe punishment of the criminals and better social security.

However, in their posters and self-organized rallies, some people called for "making a mountain out of a molehill", saying, "our ultimate goal is to overthrow the government."

In response, many other students have put up posters against them and against staging demonstrations. One of the posters, by a student of the department of Political Science, was entitled "People of Beijing University, think twice before you take action."

"We all know that (Deng) Xiaoping and (Zhao) Ziyang are advocates of the reform like us," it said, "Therefore, we are obliged to help create, for them and for ourselves, a climate favorable for the reform."

On June 8, an "Action Committee" which had called for a demonstration put out a poster, declaring that the so-called "Action Committee" does not exist. "We of a group of students have decided to give up all our planned activities and cancel all announcements and plans issued in the name of the committee," it said.

Nevertheless, posters criticizing the committee are still appearing on the campus. A poster by a Beijing University student said he is driven beyond forbearance, adding, "It is unfair to make use of the death of Chai and achieve an end against his will."

"The Action Committee has been trying to interfere with normal legal procedures, disturb normal study of the students," it said, declaring that it does not represent students' desire for democracy.

A lot of students can be seen reading the posters. Although there are controversies among them, no major argument or fights have broken out.

Two students were seen discussing the demonstration. "I am hesitating," one said, "because I feel it's no good to go, nor is it good not to go."

A freshman said, "I used to believe it was a tradition of Beijing University to stage demonstrations and have wanted to experience one for myself."

"Now it seems it is no good," he added.

At around 3:00 p.m. today, several students attempted to make speeches on a side road to the east of Tiananmen Square. Some said they were students from Beijing University and some said they came from other colleges.

Dozens of students who were sitting under the trees and chatting attracted some onlookers including some foreign reporters.

Some police were on the scene maintaining order and asking onlookers to leave. Towards dusk, the students gradually dispersed.

Students Gather, No Arrests

HK0806153088 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1459 GMT 8 Jun 88

[Report: "Several Hundred Students in Beijing Gathered in Tiananmen Square"]

[Text] [no place name as received] 8 Jun (ZHONGGUO TONGXUN SHE)—At about 1500 today, several hundred university students began to converge in front of the Museum of History east of the Tiananmen Square. In groups of three or five, they chatted quietly. It had been said earlier that some students from the institutions of higher learning in Beijing would parade in the Tiananmen Square at 1500 today.

It seems that the police were well prepared. At 1300 today, Tiananmen Square, with the Monument to the People's Heroes as its center, was cleared and surrounded by armed policemen.

At about 1650, beneath a willow tree in front of the Museum of History, some university students began discussing social issues and commented on the case of criminals beating a student from Beijing University to death a few days ago. Spectators also gathered and the entire sidewalk was crowded.

A few minutes later, several scores of policemen on duty on the spot began to persuade the onlookers not to stop at the promenade. When the onlookers failed to respond, three police vans equipped with loudspeakers were started and forced their way into the promenade in an attempt to disperse the onlookers. For a time, dust shrouded the east side of the square, and the atmosphere was rather tense. Some of the students started to boo and hoot, and condemned the police's action.

Some 15 minutes later, the crowds began to move toward the northern and southern directions of the square at the persuasion of the police. At this moment, six or seven foreign journalists were mixed in with the crowd.

Soon, several smaller crowds formed, surrounding several foreign journalists. Among them, a few college students continued to air their views on social problems. A self proclaimed 24-year-old male graduate student from the Geological University of China made a full length speech, while some self-proclaimed Beijing University students were also surrounded by the crowds.

Again, several policemen went up to persuade people to disperse. These policemen did not use their batons, nor did they apprehend anybody. At 18:15, some of the college students who had aired their views got on their bicycles and left Tiananmen Square.

Handling of Demonstrations Criticized

HK0906130388 Hong Kong WEN WEI PO in Chinese
9 Jun 88 p 2

[Special Dispatch by WEN WEI PO Reporter Liu Jui-shao (0491 6904 4801): "Thoughts on What I Have Seen at the Tiananmen Square"]

[Text] Beijing 8 June—I was informed that college students would demonstrate at Tiananmen Square at 1500 this afternoon.

I made a special trip to the Square to find out about the situation, lest something extraordinary should break out. Everything was normal at the side, the pedestrians were coming and going. Some were taking photos, others were bathing in the sun. People were relaxing, talking with each other, and there was laughter everywhere.

Then at 1300, the public security people began to seal off the square. All of a sudden, the photographers from Xin Beida Photo Studio stopped operation. Those ice cream vendors started to shift to other places. The pedestrians began to move away, while those from other provinces were at a loss. Many of the people were in the dark as to what would happen, and guessed that some foreign guests must be arriving, and that ordinary people must take themselves away.

It did not take very long for the ground on Tiananmen Square to seem to be lightened of its burden. The pedestrians, numbering thousands, now split into two

camps, standing behind two rows of public security men in formation, with a gap of some 10 meters between them. Looking from afar, they seemed to shape into a long winding snake on the Square in their dark green uniforms.

People were becoming curious. Some of them recalled the Beijing Government circular, broadcast through the radio this morning: "All demonstrations without sanction are illegal. Governments at all levels under the jurisdiction of Beijing and all citizens of the municipality must firmly support, and earnestly implement the decree. By no means should we allow a handful of people to conduct any law-breaking activities under whatever pretext."

It is learned that, workers and staff of many units, including industrial and mining enterprises were notified this morning when they came to work: Do not go to Tiananmen Square today unless there is need to. However, Tiananmen Square is the central belt of the city. As on any other day, there was an endless stream of people passing through it. They came to a halt out of curiosity, and watched out of inertia without any response. The public security men stood guard until around 1800. The students did not show up in parade, nor did anybody start trouble.

It has been really a tough job for the public security men. But many people's conclusion here was that there was no need for public security officers to be so uptight, as if they were confronting some strong enemies. A massive presence of policemen at Tiananmen Square would only unnecessarily trigger disquiet.

To safeguard the public security of the capital city, the municipal party committee and relevant departments have adopted some measures out of good intentions, but such techniques can be greatly improved. The authorities could have done it in a more relaxed way even if they should be facing a tempestuous storm.

Perhaps some people will ask, what would we do should some people really start trouble?

To my mind, the involvement of so many armed public security men was quite unnecessary, the less so to seal off Tiananmen Square. The Public Security Compound stands right next to the Square, and to the west of the Great Hall of the People are a large number of police vans and men. If some people should refuse to listen to the appeal of the municipal government, and should go on demonstrating in violation of the law and even start trouble, they would become a sure catch.

The action of relevant departments, of course, contained instruction from the above. It is said that a decision was made: Regarding demonstrations, first, they should not be afraid of them, and second, they should act according to the law. If anyone should go against the law and

regulations, he would be dealt with appropriately according to the law. However, some speeches I heard today have escalated this spirit, and such terms as "taking class struggles as the key link" were conjured up.

I believe a certain view is worth noting. If the students' demonstrations should rouse still greater echoes, such case must involve a universal resentment bordering on an explosion. Even now, the situation has not worsened; despite the fact that the students did mention prices and corruption, it is not likely to rouse the people to strong action.

It seems that China's upper stratum and its people should both explore how to have peaceful gatherings, demonstrations, and parades play an active role.

Hong Kong Paper Comments

HK0906034588 Hong Kong *SOUTH CHINA MORNING POST* in English 9 Jun 88 pp 1, 2

[By Marlowe Wood in Beijing]

[Text] University students staged a pro-democracy demonstration and challenged the Communist Party's authority in the heart of Beijing yesterday despite intimidation from hundreds of police and stern warnings from the Government.

Police failed in their attempt to head off the protests by cordoning off Tiananmen Square.

Calling for greater political freedom and condemning official corruption, about 20 students held a brief sit-in near the steps of the Revolutionary Museum before dozens of police cleared the area by driving vehicles straight into the surrounding crowd.

Hundreds of other students from a number of the city's universities were scattered among the jammed throng of onlookers and Chinese tourists.

At least one person was taken into custody.

No attempt was made by the authorities to stop more than 500 students who later gathered on campus for a fourth consecutive night of free-wheeling political discussion.

Speakers at the informal open-air meeting, which continued past midnight, ridiculed a Beijing Municipal Government allegation yesterday that a few people had used student anger over the murder of a colleague to incite unrest.

They insisted that students overwhelmingly supported their calls for reforms.

Having remained silent during the past four days of growing unrest at Beijing University, Chinese officials reacted sharply yesterday in newspaper editorials and a special announcement released by the Beijing City Government.

It said a handful of people with "ulterior motives" had taken the opportunity of the murder of a student near the university to "concoct rumours and slander the reform and open policy in violation of the law and sabotaging political stability and unity".

Not since the student demonstrations of December 1986, which led to the ousting of party general-secretary, Mr Hu Yaobang, and the conservative campaign against "bourgeois liberalisation" have Chinese leaders condemned students so harshly.

"Their motive is obviously to totally negate the achievements made in the reform over the past decade," said a commentary in the *BEIJING DAILY*.

The announcement, which also said that all unauthorised demonstrations were illegal, was broadcast over the Beijing University public address system during a rally of more than 1,000 students late on Tuesday night.

Hundreds of wall posters—a traditional medium of protest—criticising top Chinese leaders by name and challenging the power monopoly of the Communist Party have appeared since Friday at China's most famous university.

"The Chinese people should not place all their hopes in a single benevolent emperor," said one in an obvious swipe at paramount leader Deng Xiaoping.

Also in Tiananmen Square, a graduate student spoke openly about political reform and a free press.

He called for the establishment of a non-official human rights magazine.

"The students have not caused instability," he told 100 or so onlookers, "society was already unstable to begin with."

Identifying himself by name to foreign journalists despite the presence of dozens of plainclothes and uniformed police—who were recording the scene with video cameras to identify activists—he compared the Communist Party unfavourably with the pre-1949 Kuomintang.

"At least the KMT was tolerant of democratic parties," he said.

"The Communist Party has 40 million members and is so powerful, so why won't it let people express their opinions?"

Chinese leaders are clearly concerned that student unrest may spread to other sectors of society already discontented over sharp inflation and rampant official corruption.

Mr Deng has urged "caution" in the next phase of reforms and a commentary in the PEOPLE'S DAILY stressed the need for a "stable political environment".

"When they start talking about 'stability' and 'caution', that means they are worried," said a senior foreign diplomat.

Students have vowed to continue their protests, either in Tiananmen Square or in their universities.

"We have only just begun," said one of the demonstrators in Tiananmen.

Students at Beijing University have been meeting nightly in open-air forums since Saturday to air their grievances and map out plans for their public demonstrations.

They are preparing a list of demands to present to school and city officials, including the right to run a non-official newspaper and to form their own students' union.

Student Unrest 'Dangerous'

HK0906101888 Hong Kong TA KUNG PAO in Chinese
9 Jun 88 p 2

["Political Talk" by Shih Chun-yu (2457 0689 3768):
"Make a Clear Distinction Between Right and Wrong,
Follow a Correct Path To Solve Problems"]

[Text] Be on Guard Against a Small Number of Troublemakers [subhead]

Over the past two days, on the campus of Beijing University, students have held meetings, or put up their big-character posters. They have urged the development of the democratic legal system, and overcoming of bureaucracy. Yesterday afternoon, several hundred students gathered in front of the Historical Museum located at the eastern side of Tiananmen Square. They gathered in threes and fours, and talked with each other in low voices. The authorities took precautionary measures promptly, and adopted a method of putting equal emphasis on reasoning things out and providing guidance. It was fortunate that no incident occurred. However, such phenomena have reflected that some unstable factors have existed in university campuses in China.

What merits our attention is that yesterday main newspapers in Beijing published comments and editorials respectively. The Beijing Municipal Government has also taken action to persuade the students to take the situation as a whole into consideration, and to guard against the possibility of being used by a handful of troublemakers. This would lead to very serious consequences.

The Society Will Be Disturbed [subhead]

Some students from Beijing University tried to make trouble. This was because on 2 June a group of ruffians beat up some students from the university. One of the students was beaten to death, and three others were injured. After the incident, about 1,000 students of the university staged a demonstration in Tiananmen Square. They urged the authorities to arrest the murderers. However, a small number of persons put forward some political demands. This showed that a handful of people tried to turn this criminal incident into a political problem.

The Beijing Municipal Government took prompt action to arrest the six ruffians and to bring them to justice. It also issued a statement that they would be punished according to law. In all fairness, this should be regarded as the settlement of the problem. However, some students do not want to let the matter drop. They have put forward political demands. They wrote big-character posters to attack and charge the government with various problems. This undesirable action has disturbed the society. Foreign correspondents will never, of course, let slip this opportunity. They write one report after another to exaggerate the situation.

It should be pointed out that the action taken by some students in Beijing is inappropriate and dangerous. They might think that the masses in Poland and the Soviet Union have gone out to the streets to stage demonstrations, and that demonstrations of the students in South Korea is more drastic. Therefore, they are itching to have a try.

Young people, especially college students, are courageous and upright. They always voice their indignation at the sight of evil practices and they never hesitate to go into action to fight against wrongdoers. But, it is also quite common that a small number of bad elements take advantage of these characteristics of young students and lead them astray.

Reform Is Causing Price Fluctuation [subhead]

As the reform in Mainland China involves the price structure, the prices of some commodities are rising by a considerable margin. This has aroused grievances among the public. In fact, some state-owned enterprises are making use of materials at their disposal to play an active part in illegal resale in collaboration with some individual households and businessmen. Some people have made money from such activities. In addition, there are also other faults. Being discontented with the status quo, students seize every opportunity to air their feelings. And this is a normal phenomenon.

There was unrest among college students in Mainland China in the autumn of 1986. Thanks to the authorities' patient persuasion and their efforts to strengthen the

dialogue system, college campuses have remained generally calm. This indicates that the vast majority of college students have had the cardinal principles in mind and taken the overall situation into consideration. Also, people of all walks of life throughout the country are clearly aware of the necessity of maintaining a political situation of stability and unity to guarantee the smooth progress of reform and opening up. And they know that concerted and cautious efforts must be made to handle the price reform as a delicate problem.

If big placards, mass rallies, and strikes appear in China like in Poland, then a chaotic and turbulent situation like that during the "Cultural Revolution" will be very likely to emerge.

Safeguarding Stability and Unity Is Extremely Important
[subhead]

Nevertheless, we do not mean that stability and unity have to be maintained at the expense of democracy, the legal system, and the people's rights. Anyway, one must bear a fundamental precondition in mind—economic construction can only proceed smoothly in a stable environment. In handling the trouble on the Beijing University campus according to this principle, the Beijing authorities have done a correct job.

Future of Protest Movement Viewed

HK0906105488 Hong Kong AFP in English
1014 GMT 9 Jun 88

[By Pierre Antoine-Donnet]

[Text] Beijing, June 10 (AFP)—Beijing University was calm Thursday, suggesting that student protests were losing steam, but analysts said the lull was more from fear than resignation and unrest could resume at any time.

"We're afraid. It's natural. There are so many ways to punish us if we dare to demonstrate," a student on the Beida campus of China's most prestigious university said.

"But that doesn't mean we'll do nothing. If not today, then later," the student added.

Many wall posters accused the official Communist Party press of slandering the student movement by depicting demonstrators as extremists seeking to sow disorder. But other posters urged moderation and reflection.

"The movement begun June 2 will fail or already has failed. Some of us are afraid, others harbor hatred, others have understood nothing, and still others are full of enthusiasm," said one large-character dazibao, or wall poster.

Posters began to appear on the campus following the death on June 2 of Cai Qingfeng, a 22-year-old geophysics student killed by hooligans.

Several hundred students milled around during the day Thursday in front of the walls covered with posters, many taking notes. It was calm, the speakers of the previous evening having disappeared.

One poster said leaders "like us are for reforms," and urged students not to criticize them. A poster Tuesday had attacked the family of Chinese leader Deng Xiaoping. It was torn down Wednesday.

Another poster put up Thursday had a clearly radical tone, declaring that without democracy China had no chance of success.

"The biggest problem of China today is the absence of democracy," it said.

"If China wants to become prosperous and powerful, all the people must be aware of what democracy is. This is the only way we will remove the obstacles to reforms: bureaucracy and feudalism," the poster added.

These exhortations echo a key idea of the dissident "Beijing Spring" movement for increased democracy that flourished in 1979 and 1980 and was put down by the authorities, analysts said.

About 600 students gathered on the campus of Beijing University Wednesday evening to analyze the failure of a demonstration planned that afternoon in Tiananmen Square, the huge plaza in the heart of the capital.

Hundreds of police had cordoned off Tiananmen Square until late at night, discouraging the bolder students who had come to demonstrate in groups of several dozen.

The official Chinese press Thursday continued its criticism of the student agitation, with the ECONOMIC DAILY saying China needed political and social stability above all else to put unpopular price reforms in place.

The reforms have meant galloping inflation and deep public discontent, observers say.

"A minority of people are wrong in their assessment of the current situation and discount the successes already achieved by the reforms," the newspaper added in an allusion to the student grievances.

"A small minority of people who want to sabotage the reforms are speaking of 'democracy' and 'liberty,'" the newspaper said. "But we need authority as much as democracy."

The PEOPLE'S DAILY, for its part, recognized that price reforms and inflation "were causing great restlessness among the masses."

Apparently hoping to reassure readers who might be tempted to follow the students' example, the Communist Party organ added that the reforms would eventually add up to a higher, rather than lower, quality of life.

Beijing Security Account of Student's Death
HK0906111188 Beijing ZHONGGUO XINWEN SHE
in Chinese 0940 GMT 9 Jun 88

[Text] Beijing, 9 Jun (ZHONGGUO XINWEN SHE)—Yesterday, a responsible person from the Beijing Municipal Public Security Bureau gave reporters a detailed account of how the Beijing University students were attacked by criminals.

At about 2000 on 1 June Wang Jian [3769 1696], Ha Enming [0761 1869 2494], Wang Jianming [3769 1696 2494], and Wang Li [3769 7787] (female), four criminals with previous criminal records, stealthily entered the Beijing University campus to steal. However, there was nothing for them to steal. So they took away a kitchen knife and went to the Jinglan Snack Shop outside the Beijing University campus. There, they met another two young people Wang Yonglian [3769 3057 5114] and Liu Bin [0491 2430]. The six (four of them were unemployed) of them ate and drank together.

At about 1800 that evening, Beijing University students Guo Xi [0948 3886], Zhang Jianjun [1728 1696 6511], Cai Qingfeng, and Di Shuangliang [6732 7175 0081] together with Jia Quanping [6328 0356 1627], a student from another institution, and Han Ying [7281 7751], a worker from Inner Mongolia, gathered in a dormitory to drink. At about 2300 there was no more wine left and they still thought that they had not fully enjoyed themselves. Therefore Han Ying and Guo Xi went to the Jinglan Snack Shop to buy more wine. Han Ying was a little drunk and, after picking a quarrel with him, the gang of unemployed criminals struck him with a bottle and punched and kicked him. Han Ying fell to the ground. Ha Enming, one of the criminals, sat on his back and said: "Give me the kitchen knife and I will chop his head off."

Guo Xi saw all this and ran for his life. On returning to the dormitory he asked Cai Qingfeng and the others present to go with him at once.

After beating up Han Ying, one of the criminals left. Knowing that the students would not let the matter drop he went home to fetch an air gun, an iron shovel, and other implements.

The five students realized that the criminals were violent people. Cai Qingfeng and Zhang Jianjun picked up two bricks. The five criminals walked up to them and Wang Jian, one of the criminals, yelled: "Drop the bricks or I will shoot!" He fired a shot at Cai Qingfeng's head

almost before finishing his words. Ha Enming, another criminal, hit Cai on the head with his shovel. Cai immediately fell to the ground with blood streaming from his mouth and nose.

According to the autopsy, a bullet from the air gun severed the anterior communication artery [jiao tong dong mai 0074 6639 0520 0115], thus causing a haemorrhage at the base of the brain. The blood exerted pressure on the major lobes of the brain [nao gan 5207 1626], with the result that Cai Qingfeng died from exhaustion of the central nervous system respiratory cycle.

The criminals also beat up two other students and after the shooting, they left.

Today's BEIJING RIBAO carries a detailed account of the case.

WEN WEI PO on CPC Leaders' Remarks
HK0906132588 Hong Kong WEN WEI PO in Chinese
9 Jun 88 P 3

[Article by Chin Yao-ju (6855 1031 1172): "Reading a Certain CPC Leader's Remarks"]

[Text] Not long ago, ZHONGGUO TONGXUN SHE filed a "Hong Kong Dispatch" about some Beijing news. The dispatch said: "According to reliable sources, while receiving a visiting leader from an African country, a certain CPC leader gave him some advice, saying: I advise you in light of China's experience, not to practice socialism; at least not to practice sweeping socialism... At about the same time, while meeting the same African leader another CPC leader also advised him not to develop the state-owned sector of the economy as China had done in the past, but to pay more attention to developing the private sector of the economy."

Who could these two CPC leaders be? One of them referred to himself as "I" in his remarks. He spoke very boldly and did not hesitate to advise this leader of a certain country or make theoretical innovations. Men-cius said: "Who else but I?"

We can have another look at the paragraphs following the above passage in the same ZHONGGUO TONGXUN SHE report: "A few days ago, Deng Xiaoping, commenting on China's promise that Hong Kong's current system will remain unchanged for 50 years, said that 50 years was a figurative expression and that there would not be any changes in 50 years time and nor would there be any need for them."

We should be grateful to ZHONGGUO TONGXUN SHE for painting the whole dragon before inserting its eyes; that is, the words "A few days ago, Deng Xiaoping." We can search our memory. President Chissano of Mozambique visited China not long ago. The first Chinese leader to meet him was Deng Xiaoping. Zhao

Ziyang was the other Chinese leader who met him. ZHONGGUO TONGXUN SHE's way of painting a dragon and inserting its eyes [giving the finishing touch to something] is very important. It shows that its report was authoritative.

I would like to ask Hong Kong people to pay close attention to this. As mentioned in the ZHONGGUO TONGXUN SHE report, "The above remarks represent a very important piece of information, showing that the CPC policy-makers, in line with the principle that 'practice is the sole criterion for testing the truth' and through 10 years of reforms and opening up, have realized the difficulties and risks of practicing the socialist system. Moreover, they are convinced of the vitality of capitalism in developing the productive forces and the commodity economy, holding that socialism and capitalism can coexist for a long time not only on a worldwide scale, but also on a nationwide scale."

CPC leaders do have these reflections and profound and new ideas. They do not say or do anything until they have given full consideration to things precisely because they really adhere to historical materialism and the dialectical materialist view of science and the world. This will bring about great changes and developments in the way they handle world affairs, international relations, internal affairs, and interpersonal relations in the future.

If you believe that I am lying, I would like to ask Hong Kong people, and in particular KMT members and Taiwan compatriots, to wait and see.

It appears that this ZHONGGUO TONGXUN SHE item could not have come from a groundless report overheard by a certain reporter. Rather, it seems to have come out precisely as was indicated in the article. That is, the work of a certain major writer in the CPC central policy research organ, who in turn was following a suggestion and directive from the "CPC decisionmaking level." A careful scrutiny of the two leaders' statements would show that an ordinary writer would not be able to write a report on such high-level theoretical ideology.

In particular, if we are to consider that this article originated from a suggestion and directive by the "CPC decisionmaking level," and that the suggestion and directive quite possibly came from Deng Xiaoping and Zhao Ziyang, then it would appear that both Deng and Zhao wanted to transmit and publicize this important message to the world.

In view of the fact that the subject of the two leaders' advice was the leader of Mozambique, and since Mozambique belongs to the Third World or the world of developing countries, then in effect, the statements by the two leaders—"Do not practice socialism, at least do not practice it in too general a way..." and "You should pay more attention to developing the private economy and not to developing state-owned economy as China

had done in the past"—is advice to all developing countries in the Third World. They are indeed sincere words coming straight from the heart. They honestly and earnestly inform the Third World countries of the mistakes, losses, and ill-effects resulting from the practice of general socialism, development of the state-owned economy, and elimination of the private economy by the Communist Party of China in its first 30 years in power. The objectives of this message are: First of all it seeks to purge the pernicious influences brought to the Third World by erroneous ideas such as that of China going through the transition from socialism to communism, and of "China being the center of world revolution." These ideas were propagated vigorously during first 30 years of the PRC and notably during the "10 years of the Cultural Revolution"; secondly, it indirectly tells them that China will no longer ardently instigate and support communist movements in Third World countries, nor will it instigate and support radical revolutionary means of seizing power as it did during the "10 years of Cultural Revolution".

This thinking by Deng Xiaoping is definitely not some random remark of the day, but rather it looks as if he had been pondering on it for some time. It will be recalled that when the Philippine President Corazon Aquino visited China in late spring this year, her government was seriously under attack by military coups from the right and by the Philippine communist rebellion from the left. In his meeting with Aquino, Deng Xiaoping said something never heard before from a CPC leader: "On behalf of the CPC Central Committee, I support your government." To repeat, what Deng Xiaoping said was "CPC Central Committee" and not "Chinese Government". In the past, party or state leaders observed strict distinctions in the use of "CPC Central Committee" and "Chinese Government". When they talk about friendship and cooperation with leaders of capitalist states, they do so on behalf of the "Chinese Government", and only use the term "CPC Central Committee" vis-a-vis friendly socialist states. The reason being that the CPC Central Committee supports a bourgeois government, while the Chinese Government supports a bourgeois government. However, in a similar instance when Deng Xiaoping used the term "CPC Central Committee" to express support for Corazon Aquino's bourgeois government appears to be a

What then, what is the meaning of this sentence? I consider that it is to clearly and definitely tell President Corazon Aquino that: First, the CPC Central Committee supports your patriotic national-bourgeoisie government, supports the developing of capitalism in the Philippines, and supports your capitalist path. Second, the Chinese Communist Party does not support military coups d'etat led by the right wing with the intent of establishing a military autocratic regime similar to that under the rule of Marcos. It also does not support armed struggles led by the Communist Party of the Philippines intending to overthrow the government by force and wanting to develop utopian and general socialism and communism similar to that developed in Cambodia, Ethiopia, and Afghanistan.

What Deng Xiaoping told President Corason Aquino is what he intended to tell the ASEAN countries such as Indonesia, Malaysia, Singapore, Thailand, and so on. In a wider sense, that is what he intended to tell the countries of the Third World.

Of course, that is also what he intended to tell the KMT's Taiwan authorities indirectly. Deng Xiaoping said the words and the KMT authorities should understand the meaning: The policy of "one country, two systems" to be adopted by the Communist Party is the theoretical summing-up of its practices in the previous 30 years and a political line decision. Therefore it is a sincere and wholehearted decision and not a temporary measure. Linking these words with what Deng Xiaoping said a few days ago that "several Hong Kongs should be developed on the mainland," implying that the policy of "one country, two systems" would be adopted in several areas within the mainland's realm; a certain degree of capitalism would be developed; and that capitalism would coexist with the system implemented in the mainland. From this we can see that not only great changes in handling international relations will be brought about, great changes will also be brought about in handling domestic affairs and interpersonal relations.

After reading the recent speeches by Deng Xiaoping and Zhao Ziyang, I consider that: In domestic affairs China has already entered a period of further reform and opening up; in international affairs China has already taken the path of striving for general and permanent world peace, and long-term coexistence with capitalist countries.

Release of Two Imprisoned Catholics Expected
HK0906104288 Hong Kong AFP in English
1023 GMT 9 Jun 88

[By Louise Prosser McManus]

[Text] Hong Kong, June 9 (AFP)—China will soon release a Roman Catholic priest and another Catholic imprisoned in Shanghai for their religious activities, it was announced here Thursday.

Chen Tianxian and Zu Weifang will be released in the next few days, Bishop of Shanghai Aloysius Jin Luxian—who belongs to the state-sanctioned Chinese Catholic Patriotic Association (CCPA)—said as he met informally with retired Taiwan Archbishop Stanislaus Lo Kuang.

It was the first meeting between Catholic prelates from China and Taiwan. The two were attending a seminar on Confucianism and Catholicism here. Bishop Jin gave no further details on the two imprisoned men.

Father Laszlo Ladany, a Jesuit researcher here, said Mr. Chan is a Jesuit priest. Mr. Zu could not be identified immediately.

Observers here recalled about 12 people were arrested in Shanghai in 1981 for remaining loyal to the Vatican and for refusing to cooperate with the CCPA.

Two Jesuit priests were released in March after spending seven years in prison. The Shanghai diocese has about 100,000 Catholics and is the biggest in China.

While in Hong Kong, Bishop Jin invited Hong Kong cardinal-designate John Baptist Wu Cheng-chung to visit the mainland, said Louis Ha, a spokesman for the local Catholic church.

"Bishop Wu didn't commit himself to anything," he said. The two met privately here Wednesday.

Bishop Wu was named a cardinal last month in what was seen partly as a diplomatic move. Hong Kong is to revert to China in 1997 and at that time Bishop Wu will be the only Vatican-appointed cardinal on Chinese territory.

The CCPA, which is China's official Catholic Church, does not recognize the Pope as the universal Catholic leader.

A reliable source here said Bishop Wu hesitated about accepting Bishop Jin's invitation because he did not know whether it came from the Chinese Government or from the CCPA. He would not accept an invitation from the CCPA as it would indicate Vatican recognition of that organization, the source said.

When asked how the CCPA would deal with having a Vatican-appointed cardinal nine years from now, Bishop Jin paled as he replied: "I don't know."

At the press conference, Bishop Jin and retired Taiwan Archbishop Stanislaus Lo Kuang—who knew one another in Rome in the 1940's—informally traded invitations.

Archbishop Lo Kuang expressed interest in visiting the mainland, but only on a private trip. He and Bishop Jin held a private one-hour meeting Wednesday.

The archbishop has said bishops in Taiwan would like to go to China provided they were allowed to visit Catholics outside the CCPA, according to the Union of Catholic Asian News (UCAN), a Maryknoll-affiliated news service here.

There are about five million Catholics in China, some of whom, observers said, are loyal to Rome. Earlier this year, Bishop Jin said the Vatican should stop supporting the "underground" activities in China of 10 to 20 bishops and about 200 priests who have been secretly ordained by the Vatican.

Archbishop Lo Kuang also invited Bishop Jin to Taiwan but he noted that Taiwan authorities would not allow a mainland Chinese resident into the country.

Analysts noted that this was the first time high-ranking representatives of churches in Taiwan, China and Hong Kong had talked.

"They're taking tentative steps toward dialogue," indicating a "slow thaw" in relations, one analyst said.

New Construction Ministry Goes Into Operation
OW0906144288 Beijing XINHUA Domestic Service
in Chinese 0812 GMT 9 Jun 88

[By reporter Wang Yanrong]

[Text] Beijing, 9 Jun (XINHUA) — The signboard "Ministry of Construction of the People's Republic of China" was hung above the gate of a high building on Baiwanzhuang Street. Minister of Construction Lin Hanxiong announced that the "three fixed" plan of the Ministry of Construction has already been approved in principle by the State Council and that the various departments of the new ministry have officially gone into operation on an experimental basis.

At the first meeting of the ministry's staff members and workers held today, Lin Hanxiong pointed out: As a comprehensive department of the state in charge of construction work, the new Ministry of Construction will let reform play a dominant role in overall work, whip up the work enthusiasm of all departments concerned, and turn the construction trade into a major industry in promoting the national economy. He pointed out: After its founding, the new ministry must earnestly change its functions and create a new general mood and new atmosphere. Particularly in carrying out its work, the new ministry must foster the concept of serving the people, improve its work methods and win the confidence of the people in the trade by offering high-quality services. Lin Hanxiong revealed that "Methods of Leadership and Work for the Ministry of Construction" and "Provisions for Guarding against Corruption in Organs under the Ministry of Construction" are being drafted.

Lin Hanxiong also pointed out today that the new Ministry of Construction will pay attention to the following tasks:

- "Provide consumers with proper guidance, commercialize housing projects for civilian use";
- "Develop real estate business, accumulate funds for urban construction";
- "Accelerate urban construction, build more cities, townships and villages with different characteristics";
- "Keep on reforming enterprises doing construction work"; and
- "Develop construction projects for foreign countries on a contractual basis, cooperate with them by offering labor services."

Li Tieying Gives Speech at Children's Forum
OW0806052588 Beijing XINHUA Domestic Service
in Chinese 0817 GMT 1 Jun 88

[Text] Beijing, 1 Jun (XINHUA) — The Training of a New Generation Must Begin With Children's Education

Speech at the "1 June" Forum of Children's Workers

Li Tieying

(1 Jun 1988)

Comrades:

The forum today is of great significance as it is a meeting to commend the advanced workers as well as to speak your mind. The experiences you have discussed reveals your selfless dedication to the work among children. You fully deserve the medals of honor given by the National Children's Work Coordinating Committee and the Children's Foundation of China. On behalf of the party Central Committee, I extend warm congratulations to you, and through you to children's workers in all fields and high regards to comrades dedicated to this cause!

Today we are carrying out a great undertaking of construction and reform on an unprecedented scale. It will require the unremitting efforts of several generations to shake off the backwardness, achieve the gigantic goal set by our party, and make China rank among the world's advanced nations. We place our hopes on the younger generation, the children. Comrade Xiaoping said in 1985: "The first graders of today will, after a dozen years of education, become the vital new force in pioneering the great cause of the 21st century." Comrade Ziyang said in his report at the 13th CPC National Congress: "The development of science and technology, the revitalization of the economy, and the progress of the whole society all depend on improving the quality of the work force and training large numbers of competent personnel." Education is indeed of fundamental importance to the fulfillment of our great long-range mission. To train a new generation of people is a basic task of strategic importance. As an essential component in training competent personnel, the education for children exerts great influence on their future development, and therefore is extremely important. "A huge tree grows from a tiny seedling. A nine-story high stage is based on piled up earth. A 1,000-li journey is started by taking the first step." This old saying explains a philosophical truth: The beginning stage of everything is of great significance as it exerts a decisive influence on its nature, foundation, and direction. Likewise in the training of competent personnel, it must begin with the education of children to lay a sound foundation for them to become useful personnel for socialist construction.

The children's work is a comprehensive undertaking, from education to extracurricular activities, family to community education, health care to the protection of

life, and from children's culture, literature, and arts to the supply of their daily necessities. We have done tremendous work and have continuously improved the conditions in all fields. Under the kind concern of the party and government, and the community, school, and family, our younger generation is happy, healthy, and growing sturdily.

However, as time marches on and society advances, we are confronted with a future task that is both gigantic and arduous and places high demands on every citizen. In order to bring up healthier and more capable children for meeting the needs of socialist modernization, party and government leading bodies at all levels should, in view of the shortcomings in the current children's work, attach importance to the planning work and include it on the agenda. It is necessary to proceed from reality in coordinating the work to bring up, train, and educate the younger generation, providing them with sufficient material conditions as well as a sound social environment. It is also necessary to study the experience of "advanced cities (counties) in the children's work," coordinate community and family education with school education, persist in integrating the children's work with the building of socialist spiritual civilization, and take effective measures to fulfill the obligations of our generation to the next generation.

We must constantly publicize the importance of children's work, and let it be known to all that to train a new generation of people is the responsibility of the whole society and nation, a sacred task of every family, and a duty of every citizen. We can achieve greater successes only when the whole community has fostered the awareness to "protect, educate, be the role model, and do solid things for the children." It is hoped that all people and families across the country will further enhance the sense of responsibility in educating the next generation, and attach importance to the early stage education and all-around development of children, especially the education in patriotism, collective, and communist ethics. We must ban movies, TV programs, audio and video tapes, books, and periodicals that are poisonous to the children, and punish the editors and publishers according to the law. We must also check practices that harm the children's physical and mental health, and firmly clamp down on activities that entice or instigate children to commit crime to protect their lawful rights and interests.

Comrades, children's work is a glorious but arduous undertaking. Comrades and units who have won the medal of "Ardent Love for Children" have done a tremendous job for the healthy growth of the next generation. They are the role model for not only the children's workers but also all people. We must emulate them in understanding children's work from the future standpoint, and strive to bring up a new generation of better educated, self-disciplined people with high ideals and moral integrity.

Yao Yilin Stresses Material Supply Reform
OW0906021388 Beijing XINHUA Domestic Service
in Chinese 1416 GMT 8 Jun 88

[By reporters Xu Kehong and Ding Baoxi]

[Text] Beijing, 8 Jun (XINHUA) — Yao Yilin, vice premier of the State Council addressed a national work conference on reform of material supply structure that ended today. He called for accelerating the structural reform of material supply, opening up capital goods markets, and adopting strict measures to deal with excessive intermediate links and their profiteering in the circulation of materials.

Yao Yilin said: Material supply and marketing organs under all ministries and commissions should earnestly comply with the requirements in the State Council's plan to reform material supply structure and complete the transitional work before the end of July to ensure proper organization and functioning of the Ministry of Materials and its subordinate supply and marketing organs. He pointed out: Progress has been slow in the work because of procrastination by some departments. Why do they procrastinate? They are waiting to see if more changes will happen, or they are facing problems arising as a result of undue emphasis on their local interests with little attention given to the overall interests. They only worry about the possibility of immediate effect on their production without giving a thought to the adverse effect of their procrastination on this important matter. All departments must take prompt action and procrastinate no more.

Yao Yilin said: Next year's material supply reform will be focused on pricing reform. It is imperative to reform the pricing system. We should spend about 3 to 5 years in straightening out commodity prices in the main, including the prices of capital goods, which are an important part of the reform. The problem now is how to launch the reform. There are two categories of commodities. The prices of one category can be decontrolled and regulated by the market, while those of the other should not be decontrolled because they are in great demand and unavailable in the international market, and thus the problem cannot be resolved for some time to come. Most commodities belong to the former category, and very little to the latter. We must decontrol the prices of the former category step by step to let them regulate by the market, while making determined efforts to assign the latter category of commodities to monopolized management. What we mainly want to do is to decide on priorities and set flexible prices to make them more profitable to producers and help develop production. Shijiazhuang City has accumulated useful experience in material supply reform, which is a product of the coexistence of dual prices in the early stage. In reforming the pricing system, we should study ways and means to achieve a breakthrough.

On problems in foreign trade exports, Yao Yilin said: Overexport of some goods has caused shortages at home. Emergency measures must be adopted to stop excessive exports.

In conclusion, Yao Yilin stressed the necessity to resolve the problem of excessive intermediate links and their profiteering in the circulation of materials. The problem is not caused by small businessmen and traders, nor by speculators. It is linked to the corrupt phenomena inside the party and to the many enterprises which are essentially the production and commercial organs of party and government organizations. This problem must be resolved, otherwise it can ruin our party. We have the determination and confidence to resolve this problem.

Yao Yilin Urges Control of Excess Exports
OW0906044288 Beijing XINHUA in English
1431 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — China should make greater efforts to control the over-export of production materials which are in short supply, said Vice Premier Yao Yilin here today.

In line with the reform of the country's foreign trade structure, both administrative and economic measures should be adopted to restrict or prohibit such exports, Yao said.

Yao made the speech at the closing ceremony of a national conference for reforming the country's material and equipment supply system, which opened here June 4.

According to the vice premier, one of the most important tasks currently is to do away with the unfair gains made by middlemen in the circulation of production materials.

It is not the small entrepreneurs who are responsible for such a situation, but enterprises under the party and Government, Yao said.

"This problem, which is closely related to some cases of corruption found within the party, should be resolved quickly and with a firm hand", the vice premier stressed.

Restructuring of the material and equipment supply system next year will mainly focus on pricing reform, Yao said, adding that China will take 3 to 5 years to establish a new pricing system.

In coming years, China will relax its control over the prices of a larger proportion of production materials in order to promote the formation of an orderly production materials market, Yao went on.

He added, however, that China will strengthen its control over those materials which remain in short supply but in great demand, and which at the same time are not easy to obtain on international markets.

In encouraging the production of such materials, the country should by no means ignore the profits due the producers, he said.

Bo Yibo Attends Computer Firm Inauguration
OW0906051888 Beijing XINHUA in English
1204 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — A computer corporation serving China's machinery industry was inaugurated at a ceremony here today.

A state-run enterprise, China Machinery Industry Computer and Technology Corporation, has been licensed for import and export.

Before the ceremony, Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, met representatives of overseas corporations involved in computer production, including IBM, DEC, A.T. and T. and Siemens, who have come to attend the celebrations for the new Chinese corporation.

Ministry of Supervision Helps Detect Corruption
OW0906122188 Beijing XINHUA in English
0044 GMT 9 Jun 88

[Text] Beijing, June 9 (XINHUA) — The Ministry of Supervision's detection of corruption in contracts with foreign firms has saved the country 30 million U.S. dollars within a year, "CHINA DAILY" reported today.

The paper quoted Minister Feng Jiyun as saying, by checking economic contracts signed with foreigners, the ministry has been able to quickly detect problems, protecting the country's interests and recouping losses.

Since the ministry was established last June, it has checked 300,000 contracts signed between foreign firms and 57 ministries and commissions under the State Council, Feng said.

Problems have been discovered in more than 800 contracts, and with the help of the ministry, government departments have recouped losses of 30 million U.S. dollars.

The ministry has checked all contracts signed by Ye Qi, former general manager of the Nonferrous Metal Import and Export Corporation of Guangdong Province. Ye took bribes of more than 223,000 Hong Kong dollars from Hong Kong businessmen. During a visit to a foreign country, he withdrew 500,000 U.S. dollars from the accounts of two Guangdong offices stationed in the country and posted it to Hong Kong and Macao, claiming it as his own.

To prevent possible occurrence of similar cases in future, ministries and departments have improved negotiation procedures, and measures to approve contracts and ask for compensation. Local governments have also started re-examining contracts involving foreign interests, the paper reported.

The State Council has given approval to the Ministry of Supervision to establish bureaus and offices in ministries, commissions and administrations under the State Council.

CPPCC Standing Committee Discusses Draft Rules
OW0806003488 Beijing XINHUA Domestic Service
in Chinese 0815 GMT 6 Jun 88

[Excerpts] Beijing, 6 Jun (XINHUA) — The drafts of "Working Rules of the Standing Committee of the CPPCC National Committee" and "General Organic Rules of the Special Committees of the CPPCC National Committee" were submitted to the Standing Committee of the Seventh CPPCC National Committee for deliberation at its second meeting today.

Wang Renzhong, vice chairman of the CPPCC National Committee, presided over the meeting that opened at the CPPCC Auditorium this morning. The Working Rules have been drafted on the basis of the Standing Committee's work experience over the years in order to strengthen and improve its operating systems. Zhou Shaozheng, secretary general of the CPPCC National Committee, explained the draft Working Rules. He said: The Working Rules are aimed at further specifying the provisions in the CPPCC Constitution, and regularizing and systematizing the Standing Committee's activities, thereby performing more effectively the CPPCC's basic function of "political consultation and democratic supervision." [passage omitted]

Luo Hanxian, deputy secretary general of the CPPCC National Committee, explained the "General Organic Rules of the Special Committees of the CPPCC National Committee" (Draft) and the draft namelists of chairmen, vice chairmen, and members of all special committees. He said: The special committees will be established as working bodies that organize activities for members of the CPPCC National Committee during its recess, and they will play an important role in institutionalizing the "political consultation and democratic supervision" and adopting policy decisions through a more democratic and scientific process. [passage omitted]

Hu Sheng, vice chairman of the CPPCC National Committee and the Hong Kong Basic Law Drafting Committee, explained the progress in soliciting public opinions on the Basic Law.

Before the beginning of the meeting, all Standing Committee members rose and stood in silent tribute to the recently deceased vice chairman Zhuang Xiquan and Standing Committee member Shen Congwen of the Sixth CPPCC National Committee.

Vice chairmen of the CPPCC National Committee present at the meeting were Yan Mingfu, Gu Mu, Yang Jingren, Kang Keqing, Hu Ziang, Qian Changzhao, Zhou Peiyun, Wang Guangying, Qu Wu, Liu Jingji, Qian Xuesen, Hu Sheng, Sun Xiaocun, Cheng Siyuan, Qian Zhengying, Su Buqing, and Ismail Amat.

Navy's Combined Blue-Water Training Reviewed
HK0806032988 Beijing JIEFANGJUN BAO
in Chinese 31 May 88 p 1

[Article by staff correspondent Shen Shungen (3088 7311 2704) and staff reporter Zhao Xianfeng (6392 7145 1496): "A Start of Strategic Significance—Commenting on the Navy's Combined Blue-Water Training"]

[Text] War flames were rising in the far-off Nansha archipelago [Spratly] in March this year. Armed Vietnamese naval vessels illegally occupying Chinese islands, reefs, and territorial waters started provocations by opening fire on Chinese naval vessels carrying out normal patrol. The Chinese naval vessels answered the provocations with stunning blows. Subsequently, Vietnam began to whip up a surge of war preparations throughout the country. Western diplomats in Hanoi asserted that Vietnam would simply be "seeking its own destruction" if it really wanted a major confrontation with the Chinese Navy. This deduction was by no means groundless. Since the early 1980's the Chinese Navy has acquired combined blue-water combat capabilities not to be underestimated. It can perform the task of protecting the country's territory and sovereignty not only in coastal waters but also in the Nansha Archipelago, which is several hundred nautical miles from the mainland. A major factor in boosting the Chinese navy's combat capabilities in recent years has been its combined blue-water training, which began after the 3d Plenary Session of the 11th CPC Central Committee.

A New Chapter in the Navy's Training History [subhead]

Due to both objective and subjective reasons, for a long time the Chinese navy rarely practiced blue-water training; in most cases it carried out exercises "in front of the door." As records show, it only carried out a few blue-water exercises during the 29 years from 1950 to 1979, and most of these exercises were conducted after 1976. In terms of scale, such exercises only involved single vessels of a single type.

A great change has taken place since 1979. Blue-water training has developed with an unprecedented momentum in the People's Navy, and completely new styles and features have been displayed in it. There has been a big increase in the number of such exercises. During the 8

years from 1979 to 1987, the number of blue-water exercises organized by the Navy increased by over 31 times compared with the previous 29 years. These exercises included some carried out only 1,000 nautical miles offshore and some carried out as much as 10,000 nautical miles distant. Our ships have left their marks not only in all of China's major sea zones but also in all the straits and navigable routes around those zones; they have been in the Indian and Pacific Oceans, and have even gone to the South Pole. The scale of such blue-water exercises has developed from single vessels of a single type to combined squadrons from various branches and of various vessel types. In 1986 in particular, long-range bombers from the Naval Air Force flew out into the Pacific for the first time, thus adding still more punch to the navy's blue-water renown and line-up. At the same time, the component of blue-water training has developed from purely navigation to a variety of combined and composite exercises focused on combat. The Navy has conducted a whole series of highly difficult exercises never before carried out such as "composite tridimensional underwater, surface, and airborne attack and defense," "exercising long-range troop landings," "replenishment at sea," and "extended voyages by nuclear submarines." All these have aroused attention. Some foreign military commentators said that China's newly emerging blue-water training has epoch-marking significance.

Establishing the Concept of Territorial Waters [subhead]

Outwardly, the rapid development of the navy's blue-water training in recent years has been the result of the improvement of the navy's technology and equipment and the enhancement of its training skills. Looking deeper, however, the reason has been the change in the concept of naval officers and men.

For a long time many people have only been aware of the fact that China has a land territory of 9.6 million square km and a coastline 18,000 km long, but very few know about the area of our territorial waters. As a matter of fact, according to the provisions of the "United Nations Treaty on the Sea" adopted by the World Conference on the Law of the Sea, China has several million square kilometers of territorial sea including its continental shelf and associated economic zones, plus its original territorial waters. This vast sea area is extremely abundant in biological, mineral and energy resources, and these have important value and significance to the country's construction and development. Protecting and cherishing China's territorial waters and defending the country's maritime interests is the People's Navy's unshirkable task. Since the 3d Plenary Session of the 11th CPC Central Committee, party committees and leaders at all levels in the Navy have deeply imprinted this strong concept of territorial waters on the minds of every cadre and fighter. This concept has greatly stimulated and increased their sense of urgency toward reforming the navy's training.

To speed up the navy's blue-water training, the navy's party committee and organs have introduced a series of measures: First, they intensified training on different types of naval vessels with major efforts on improving basic skills. Through a whole course of training, the seagoing rate of first category naval vessels has risen from 6 percent before 1979 to the present 56 percent, thus laying a good foundation for carrying out large-scale blue-water training. Second, they have formed a regular blue-water training system. Apart from what has been assigned in the general program, in a "mandatory" manner they established for naval units annual training courses, tasks to be completed, and other requirements. The implementation of these is strictly examined. Through practice, they have created and popularized the perennial organizational form of "combined squadron" so as to regularize blue-water training. In addition, they have also organized officers and men in the study of advanced world navigation technology and in tackling difficult problems concerning replenishment, telecommunications, and navigating.

Excellent Results, Far Reaching Significance [subhead]

The baptism of violent storms and waves on the ocean has speeded up the growth of qualified commanders who can meet modern sea combat requirements and organize squadrons composed of various branches and vessel types in combined blue-water operations. Statistics compiled by the relevant department show that over 80 percent of the high-ranking commanders at the naval fleet level or above have personally organized and guided blue-water training, and the number of naval vessel chiefs who have participated in the major combat exercises of nuclear destroyers, escort vessels, and submarines has increased by a large margin. Blue-water training has helped turn out a large number of backbone technicians and naval personnel who are accustomed to a prolonged, arduous life at sea and can cope with all sorts of adverse circumstances and harsh climates at sea. There has been a marked strengthening of coordination between different branches and vessel types in the Navy because they have more opportunities than before to join blue-water training close to actual combat. The Navy has also created and mastered many new methods and tactics for combined blue-water combat. Blue-water training has also enabled naval commanding organs and naval officers to further familiarize themselves with the firsthand information on China's sea zones as well as hydrological, meteorological, and maritime conditions in international straits and sea routes surrounding the country's sea zones, thus allowing them to correct inaccuracies in the data collected in the past.

Blue-water training has stimulated reform in the navy's logistics work, equipment, and scientific research and promoted the development and prosperity of the navy's military theoretical study. A full set of theory on combined blue-water training with Chinese characteristics is taking shape....

In the course of producing prominent military results for national defense, the navy's newly emerging blue-water training has, since the beginning, enabled the Navy to carry out all types of major scientific research on the sea and ocean. In 1980, a special naval unit traveled far to the southern Pacific and fulfilled the task entrusted by the state for surveying, watching, and rescuing the data module launched by a long-range carrier rocket for experiment. In 1984, a long-distance naval vessel of the Nanhai fleet conducted a tracking survey on China's experimental communications satellite. In December of the same year, a naval vessel went to the South Pole for the first time and effectively assisted the state's scientific research team in fulfilling its survey in the South Pole and setting up a survey station there. This year the Navy has sent naval vessels to protect the state maritime department's peaceful operation of setting up a maritime observation station in the sea area of the Nansha Archipelago. Moreover, blue-water training is playing an effective role in protecting China's maritime energy exploitation and its foreign trade.

Some farsighted strategic analysts have predicted that the strengthening of the Chinese navy's combined blue-water training will produce far-reaching, positive influence and effects on peace and stability in the Pacific region...

Various Commentators View Price Reforms

Involves Risks, Difficulties

HK0906111688 Beijing RENMIN RIBAO in Chinese
9 Jun 88 p 1

[Commentator's article: "Reform Involves Risks and Difficulties, Pass the Barrier Through Arduous Efforts"]

[Text] Over the past month some large cities have readjusted the retail prices of the four principal non-staple foodstuffs including meat, eggs, vegetables, and sugar, and duly subsidized the staff members and workers, turning hidden subsidies into open ones. Consequently, the question of prices, the focus of public attention, has become a popular topic among thousands upon thousands of households. How to correctly understand and deal with price reform has become an important question determining whether we can smoothly push reform forward.

Today China's reform has reached a crucial stage in which the question of prices must be solved. Our target is to smash the pattern of product economy, establish a new order of socialist commodity economy, and vigorously promote the development of social productive forces. To this end, the central task is to readjust the price system and strictly follow the law of value. Unless we do so, the development of a socialist commodity economy will be an empty talk. We carried out reforms in various fields over the past 9 years and achieved marked results. On the whole, however, they were related to delegating powers and letting the lower levels

share more benefits, which were shallow and easy reforms of immediate benefit to the masses. Moreover, they did not touch on the decisive economic relations at a deeper level. With the deepgoing development of reform, the irrationality of the price system has become increasingly prominent. Hence, the reform of the price system has become an essential question restricting and affecting economic structural reform and other fields.

As we practiced a product economy and neglected the law of value for a long time in the past, China's price system has become irrational: The price of principal farm and sideline products is relatively low and the selling price is lower than state purchase price; in industry, the price parities between different commodities are unreasonable and the prices of some mineral products and raw materials are particularly low; and the price differences for similar products of varying quality are not widened. All this dampened the enthusiasm of the producers and hindered the development of social productive forces. Actually we achieved some successes in the price reforms carried out over the past 9 years, such as raising the price of farm produce and reforming the purchase and marketing system. However, we failed to fundamentally change the irrational price system. Moreover, the implementation of the double track system (market price and negotiated price) in many commodities further aggravated the complicated contradictions in economic and social life. Because prices were irrational and could not indicate the real value of products, the profits made by enterprises will not necessarily be the result of proper management, while the deficits incurred by enterprises will not necessarily be the result of poor management (deficits of a policy nature, as we defined it in the past, are usually caused by low prices). After extending decisionmaking powers to rural areas and enterprises and following initial economic invigoration, this state of affairs should not be allowed to continue any longer. The only way out is to resolutely carry out price reform. The general direction should be: Except for the price of a small number of commodities which will be under state management, restrictions will be lifted on the prices of most of the commodities, allowing the prices to be regulated by the market. Unless we do so, it will be impossible to readjust the price system and create a market environment for enterprises and producers to enter into competition and develop commodity production on an equal basis.

Of course, price reform involves some risks. This is because on the one hand, the price issue is at the center of the entire social economic life. It is connected with production and circulation at one end, and with wages and consumption at the other, and a slight move in one part may affect the situation as a whole. On the other hand it has a direct bearing on the interests of thousands of enterprises and millions upon millions of consumers. Over a long period in the past, the Chinese people lived in the pattern of product economy, their psychological bearing for price fluctuations is not strong enough. However, compared with the past, the conditions of the

on-going price reform are rather favorable. On the foundation of reform over the past nine years, China's economy has greatly developed, people's living standards have somewhat improved, and they have now a certain bearing capacity for the effects of price reform. If we should lose the opportunity and push price reform behind, it will inevitably accumulate more contradictions, and reform would involve still greater difficulties, and the risks would certainly be still greater.

To many people, their greatest misgiving for price reform is the fear a lower living standard. This is quite understandable. Our party and government have fully considered the interests and wishes of the masses. The 13th Party Congress has explicitly pointed out: "Price reform should be conducted in coordination with the policy of readjusting income, to guarantee people's actual living standards will not be lowered in the course of reform, but be gradually improved with the progress of production." This is doubtlessly correct. Our party and government are thinking of linking price reform with wage reform; they do not think of readjusting wages after prices are ironed out, but of how to iron out wages at the same time as prices are ironed out. In the on-going price readjustment of four categories of non-staple food, this principle has been initially implemented by giving appropriate subsidies to workers and staff. In the price reform from now on, this principle will be better embodied. In a nutshell, it is necessary to firmly believe: The reform under the leadership of our party and government is to plan for the interests of the people of the whole nation; even if the interests of some people are temporarily affected in the course of reform, an appropriate solution will finally be found.

Price reform is a key project in the grand social systematic project of economic structural reform, as well as the "steepest slope" to climb in the entire process of reform, hence, the most difficult link. To overcome this difficulty with success, it is necessary to rely on the correct decisionmaking and appropriate arrangement of the Central Committee and the State Council as well as the people of the whole nation, who will be of one heart and one mind to work hard. Price reform is, without exception, the difficult problem faced in the reforms of all socialist countries. We have no ready experiences to refer to, and we must rely on ourselves to explore our way through practice, and to learn reform through reform. In the course of price reform, it is unrealistic to require that there be no shortcomings or mistakes whatsoever. The question is, when some shortcomings surface, we should by no means panic, nor should we beat a retreat and turn back to the old path. Guangdong's experiences have proved that even when the measures of price reform were correct, certain unrest would inevitably emerge; but so long as they persevered in the reform, "a silver lining finally appeared when the world seemed to be dark and gloomy." The nationwide price reform will certainly be all the more complicated, however, Guangdong's experiences will give us important information. We must be firm in the belief that our party and

government are competent to lead the people throughout the nation to overcome the difficulties of price reform. At present, the party and government are paying close attention to the new conditions and new problems surfacing in the course of price reform, to further substantiate and to make complete and perfect the systematic plans for price and wage reforms.

The recently held Ninth Plenary Session of the Central Committee Political Bureau has pointed out: China's reform has entered into a crucial period at present. We are facing some very difficult, yet unavoidable problems. It is imperative for us to grasp the favorable conditions endowed to us by history, to further implement the principle of stepping up the pace and deepening reform as proposed by the 13th party congress, to make progress against the difficulties, while doing a good job in resolving the unavoidable problems emerging in the course of reform. The fact that the leading comrades of the central authorities, including Deng Xiaoping, Zhao Ziyang, and Li Peng have made important speeches on several occasions on this issue has shown the determination and confidence of the party and government to do a good job in price reform. All these are worthy of our earnest study and profound understanding. So long as the comrades of the whole party and the people of the whole nation unify their thinking, keep in step, brace up their spirits, and work hard, the scene before us will inevitably be: Despite the difficulties and risks in reform, we will get over them through bitter struggle!

Requires Concerted Efforts

HK0906023488 Beijing JINGJI RIBAO in Chinese
26 May 88 p 1

[Commentator's article: "Make Concerted Efforts To Pass Through the Key Point"]

[Text] Recently, Shanghai, Beijing and other big cities successively adjusted the prices of four major nonstaple foodstuffs, and this evoked extensive attention among the masses. It is natural that there are all kinds of comments. At present, an important task for us is to properly guide the whole party and the people throughout the country to correctly understand the significance of the price reform and make concerted efforts to overcome the difficulties in the price reform. This has a bearing on the continuous and healthy advance of the reform cause in our country.

Price reform is a difficult task. The central leadership has long noticed this. The central authorities have pointed out that whether the price structure can be smoothly reformed is a crucial point which influences whether the entire economic structural reform will succeed or fail. In the past 10 years, our country has made substantial advances in the field of price reform. For example, the prices of agricultural products were increased; the purchase and marketing system for agricultural products was changed; and the management methods and price policies for various production materials and consumer

goods were readjusted again and again. In general, however, the old price structure based on a product economy has not yet been thoroughly changed. At present, with the in-depth development of the urban and rural economic structural reform, we are going to further develop the socialist commodity economy, and must make a firm decision to take substantial steps in the price reform. This has become an unavoidable issue in front of us. Everyone of us should clearly realize this situation and unify our thinking so as to get ready to pass through the crucial point of the price reform.

At present, reforms in our country have entered a new stage. The transition of old systems to new systems should be quickened, and the situation in which new and old systems coexist and intertwine should not last too long. In addition, elementary reforms characterized by the measures of leaving more profits in the hands of enterprises and delegating more decisionmaking powers to them should now be developed into more sophisticated reforms which will rationalize and smooth out the basic economic relations. Apart from relations between ownership, management powers, and rights to use, the most widely existing economic relations are price relations. We advocate the necessity of acting according to the law of value, but we also allow the continuing existence of the old price structure which violates the law of value. This is an unimaginable thing. Without rationalizing the old price relations which distort the actual market conditions, it will just be empty talk to develop the commodity economy and establish a united socialist market.

We have to overcome many difficulties in the reforms, and price reform is the most difficult link. We cannot dodge the problems in our price structure. On this issue, we should pay attention to and learn from the positive and negative experiences of other socialist countries. If we postpone price reform and hesitate to take action, we will not be able to pass through this key point, and will not be able to maintain the stability of the price order. Moreover, we may lose the opportunity, and make price reform even more difficult in the future as problems continue to accumulate. To really rationalize price relations, we cannot dodge difficulties and problems and cannot take a detour. We should realize the arduousness and complicatedness of the price reform and bravely press forward in the face of difficulties. Comrade Deng Xiaoping recently said that China's price reform is a bold action. He added that we must be bolder and fear no risks. We will get nowhere if we are plagued by all sorts of fears. Boldly running the risk and facing the difficulties is a decisive psychological factor for winning greater successes in the future reforms.

By being courageous at taking the risks, we do not mean that we can act at will. Cadres at all levels should seriously study the way to fulfill the task of price reform on the basis of realizing its significance and necessity, and should work out long-term plans and systematic solutions. It is necessary to scientifically investigate the

bearing capacity of the public in the next few years, and gradually achieve the target of rationalizing the basic price relations step by step within the limits of the objective conditions.

All citizens should make full mental preparations and pluck up their courage and confidence for passing through this key point by making concerted efforts. Reform has brought prosperity and real benefit to us. By comparing the present conditions with those 9 years ago, no one will deny this fact. However, reform will not always be so smooth, and may encounter some difficulties. The whole people should have a sense of responsibility as masters and share weal and woe in the course of overcoming the difficulties. Of course, it will not be so hard to endure such difficulties as some comrades imagine, because the difficulties only appear after most people have found their livelihood improved and their income increased. The most important thing is that the people should correctly understand the reforms, and believe that the reforms will eventually bring benefit to them, even though they may encounter some difficulties for a time, so as to strengthen their psychological bearing capacity. If all of us can consider the overall and long-term interests of the nation, and are willing to share weal and woe in difficult times, we will certainly be able to overcome all difficulties and we should thus have full confidence in winning new victories.

Labor Ministry Circular on Living Allowance
OW0906013788 Beijing XINHUA Domestic Service
in Chinese 1320 GMT 7 Jun 88

[Text] Beijing, 7 Jun (XINHUA) — The Ministry of Labor, the Ministry of Finance, and the All-China Federation of Trade Unions recently issued a joint circular asking the various localities and departments to raise the cost of living allowances [COLA] for staffers and workers in cities and towns and to ensure the basic living standard for their families.

The circular points out: It has been approved by the State Council that the various localities may appropriately raise the COLA standard for staffers and workers, including retirees.

The circular points out: The various localities may set their own COLA standard based on the current standard in force and by referring to local investigations of family living standards as well as to the minimum living cost of local worker families. In view of the current financial difficulties, the COLA standard should be stringent to avoid unwarranted raises. Specific COLA standards and measures are to be set by the provinces, autonomous regions, and municipalities themselves.

The circular says: For administrative organs and institutions, the additional cost resulting from COLA raises should be defrayed from the units' welfare fund for staffers and workers; for retirees, it will be defrayed from the retirees fund; and for enterprises, it will be defrayed

from the welfare fund for staffers and workers. However, if the welfare fund is insufficient to cover the entire additional cost, the enterprises should make up the deficiency by digging into their own pockets. For enterprises with a thin profit margin or enterprises that are running in the red, the local finance department may be asked to help defray the additional cost if they are indeed unable to bear the cost themselves.

The circular stipulates that while giving subsidies to low-income staffers and workers who are in financial difficulties, the various enterprises, institutions, and state organs should follow a procedure that requires individual applications be submitted by the staffers or workers themselves and be approved by the leadership as well. In addition, the various enterprises, institutions and state organs must also take the mass line to bring the role of mass supervision into full play.

Industrial Output Value Increases

HK0806153988 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Beijing (CEI)—China's industrial output value reached 103.1 billion yuan in May, an increase of 17.9 percent over the same month last year.

According to the State Statistics Bureau on June 7, the monthly increase rates are growing in the first five months of this year.

From January to May, it said, the output of such hot sellers as color television sets and refrigerators jumped by 39.6 percent and 88.6 percent respectively over the same period of last year.

Big increases were also registered in the production of beer, knitting wool and plastic articles while the output of radios and watches decreased by 7.1 percent and 13.7 percent respectively.

Meanwhile, economic efficiency has improved. The bureau said that the implementation of the contract managerial responsibility system has promoted the performance of China's industrial enterprises.

However, the shortage of raw materials and energy has become more serious as the increase rate of electricity production has slowed down.

The output of electricity only increased by 9.4 percent in May, 3.3 percent less than the monthly average in the first quarter of 1988. Among the 20 kinds of major raw materials, 15 either decreased or showed little increase in their output.

The rapid development of the processing industry will add to the shortage of raw materials, the bureau said.

It is expected that the country's industrial output will continue to increase in June. Therefore, some economists have warned against an excessive growth rate, saying that more emphasis should be laid on efficiency.

More Businesses Turn to Arbitration

HK0806065688 Beijing CHINA DAILY in English
8 Jun 88 P 2

[By staff reporter Qu Yingpu]

[Text] China's international commercial arbitration business has been booming in recent years, safeguarding Sino-foreign economic cooperation and trade.

More and more businesses involved in Sino-foreign economic relations have become unwilling to ask government departments to handle their disputes and turned instead to the arbitration organization under the China Council for the Promotion of International Trade (CCPIT) in recent years.

Cui Bingquan, general-secretary of CCPIT's Foreign Economic and Trade Arbitration Commission, told CHINA DAILY there are about 200 commercial disputes waiting for arbitration at present. Seventy-five percent are trade disputes, mostly on the quality of cargoes and equipment, or the late arrival of cargoes or payments. Most of the equipment quality disputes were brought to Cui's commission by Chinese businesses, while most of the late payment cases were brought by foreigners.

Cui said that among the 15 percent of joint venture cases, the major disputes were concentrated on one side's failure to invest enough money according to contracts, poor management resulting in losses, and the Chinese side's changes in personnel, including leaders, without discussion with the foreign side.

Ten percent of the 200 cases are disputes over Sino-foreign economic cooperation programmes in the compensation trade, processing of foreign materials, assembling of foreign parts and production of goods according to foreigners' designs. There are also some disputes over patents, copyright, real estate, and labour and construction contracts, he said.

The commission started mediating in Sino-foreign commercial disputes in 1952 and remains the only Sino-foreign commercial arbitration body in China. It solved about 500 commercial disputes between 1983 and 1987. These cases mainly involved contracts of foreign trade, joint ventures and economic cooperatives, Cui said.

The most recent, and the biggest case yet arbitrated, involved a 20-million-yuan hotel project between Chinese and English firms. During the construction of the project, the Chinese side found it needed more money than the investment budget, but the British side refused to increase its investment.

The project was halted and each side said the other was responsible and asked for more than 9 million yuan for losses.

After arbitration by Cui's commission, the dispute was settled with the Chinese side paying the British side HK\$18 million, while the British agreed to give up all its investment in the project.

Cui said his commission has also been handling eight consultation cases over commercial disputes this year. Of the two disputes already solved, the biggest was a 2-million-Deutschmark case over canned food between a Chinese seller and a West German buyer.

The commission has signed cooperation contracts with arbitration organizations from Japan, Sweden, France and Italy, and established relations with similar organizations in Canada and Hong Kong.

Cui said the commission is going to hold a national congress later this month to change its regulations. The changes will include expanding its business area to include all commercial activities between China and foreign countries, changing the commission's title to China International Economic and Trade Commission, and starting to employ foreign arbitration experts in the commission and its branches.

To promote further cooperation with foreign counterparts, CCPIT, together with the Paris-based International Chamber of Commerce (ICC), organized a two-day Beijing seminar which ended yesterday on the activities and problems of commercial arbitration, the first joint activity between the two bodies.

Four Ports Opens Wider to Outside World
*OW0906005188 Beijing XINHUA Domestic Service
in Chinese 0151 GMT 5 Jun 88*

[By correspondent Ren Wendong]

[Excerpts] Beijing, 5 Jun (XINHUA) — The four ports in the lower reaches of the Chang Jiang — Nantong, Zhangjiagang, Nanjing and Zhenjiang — have scored remarkable achievements in opening to the outside world. As of the end of May, they had accommodated a total of 1,679 foreign ships and unloaded cargo totaling 23,048,000 tons. They have played an important role in alleviating the pressure on other ports along the coast, shortening the time needed to unload cargo from ships, eliminating the need for cargo transshipment, helping cargo owners save expenses, and reducing losses for the state.

The aforementioned four ports were designated between May 1983 and March 1987 as ports for export goods to foreign countries. During the past few years, they have carried out construction and production while opening to the outside world. After exerting painstaking efforts,

they have built 17 deep-water berths capable of handling 10,000-ton-class ships and the volume of cargo handled at the four ports reached 21.9 million tons per year. [passage omitted]

It is reported that the state will continue to help the three ports in Nantong, Zhangjiagang, and Nanjing complete their second-stage projects for the "Seventh 5-Year Plan," including the construction of 14 deep-water berths capable of handling 10,000-ton-class ships. It is estimated that by 1990, there will be 31 such berths in the four ports in the lower reaches of the Chang Jiang and their cargo handling capacity will reach 39.04 million tons per year. At the same time, some medium-sized and small berths capable of handling 5,000-ton-class ships or smaller ships will be built. By that time, the four ports will become modernized with large, medium-sized, and small berths, ample warehouses, rapid loading and unloading facilities, and other supportive equipment.

Summer Grain Output Increases, Rapeseed Decreases
*HK0806150188 Beijing CEI Database in English
8 Jun 88*

[China Economic Information (CEI) Database]

[Text] Shijiazhuang (CEI)—China's summer grain output is expected to increase slightly but rapeseed output will decrease by an estimated 20 percent compared to last year, according to information provided by the Ministry of Agriculture.

The total sown area of summer grains last winter and this spring increases by 600,000 hectares over last year, but the actual harvest area will only increase by 244,667 hectares due to drought, floods, hailstorms and low temperature in many places last winter and this spring. Winter wheat harvest in most places is not expected to increase much. Last year's summer grain output was 92.5 million tons. The record summer harvest in history was set in 1986 which was 93.3 million tons.

Serious freezing last winter caused no yield of rapeseeds over large areas. Harvest area this year will be 506,000 hectares less than that of last year. It is estimated that the output of rapeseeds will be more than 1 million tons or 20 percent less than that of last year.

The fulfilment of China's planned increases of 5 million tons of grains and 1.7 million tons of oilseeds this year will mainly depend on early rice, autumn grains and autumn oilseeds. But so far it is difficult to reach the targets because of natural disasters, decrease of cultivated land, rising prices of means of production for farming and dampened enthusiasm of farmers in growing grain.

He Kang Optimistic on Agricultural Situation
*OW0806055388 Beijing XINHUA Domestic Service
in Chinese 0735 GMT 2 Jun 88*

[Text] Beijing, 2 Jun (XINHUA) — Minister of Agriculture He Kang said recently that, despite formidable problems ahead, China's agricultural development has great potential and a promising future.

He Kang made the statement while reporting to an assembly of teachers and students of Qinghua University at their invitation.

He Kang said in his report: The rural economy continued to grow in 1987. Its gross social output reached 904.1 billion yuan, topping that of the preceding year by 12.7 percent and representing over 41 percent of the nation's gross social output. The new headway made in restructuring production and promoting commodity production in the rural areas can best be illustrated by the conspicuous change that, for the first time, the gross value of nonagricultural output in 1987 was higher than that of agricultural output, reaching 50.8 percent of the gross social output in the rural areas.

The 1987 production of major agricultural goods was also promising: Except for lower output of sugar-bearing crops, jute, and hemp, the output of most other agricultural crops, such as grain, cotton, and oil-bearing crops was higher than that of 1986. Total grain output reached 40.24 million metric tons, topping that of the preceding year by 2.8 percent. As for animal husbandry, while the inventory of pigs was smaller than that of 1986, the total meat output reached 21.32 million metric tons, or basically the same as that of 1986. Fishery output increased substantially; the total output of aquatic products reached 9.4 million metric tons, topping that of 1986 by 14.1 percent.

He Kang said: While the nation's agricultural production continues to recover and develop, the problems it faces are formidable. First of all, because of relatively low profits from farming, peasants are not eager to produce such major agricultural products as grain and cotton. Even after the restructuring of the purchasing and marketing system for agricultural goods in 1985, the contracted purchase prices for grain, cotton and other major agricultural goods are still noticeably lower than market prices. The relative profits from agricultural production are even lower considering the sharp increase of the various means of agricultural production and high resale market prices in recent years. Second, owing to lower agricultural investment, the infrastructure of agricultural production is too weak, too fragile to support a sustained agricultural development. Although the state has time and again stressed the need for increasing agricultural investment, actual investment has been reduced from an average 11.9 percent of the state's total investment in capital construction during the 29-year period before 1980 to less than 6 percent during the Sixth 5-Year Plan period and to only 3.3 percent in 1986. Only 7 percent of

the total amount of state funds for credits and loans was extended as agricultural loans. Agricultural investment by rural collectives and individuals has also been decreasing each year. Consequently, the deterioration of cropland and grassland cannot be effectively controlled, soil fertility continues to drop, and agricultural production lacks stamina. Third, there has been a shortage of means of agricultural production. While the supply of chemical fertilizer, agricultural chemicals, and plastic sheeting has increased somewhat in recent years, the supply still cannot satisfy the needs and incidents of "snatching up" chemical fertilizer have taken place in some parts of the country. While the total power of farm machinery in 1986 increased 71.5 percent over 1979, the supply of diesel fuel for agricultural production did not increase accordingly. On average, the diesel fuel supply per horsepower dropped from over 90 kilograms in 1978 to approximately 40 kilograms [in 1987]. The supply of plastic sheeting in 1987 fell short of the needs in that year by more than 30,000 metric tons.

He Kang pointed out: The problems mentioned above are major factors handicapping the development of agricultural production, as well as new problems that must be resolved in order to expedite economic reform and development in the rural areas.

In his report, He Kang analyzed the prospects for China's agricultural development, saying that the nation's agricultural development has great potential and a promising future despite its formidable problems. First, many resources have yet to be developed and utilized. For extensive development, in addition to the 13.3 million hectares of developable barren land, there are also more than 13.3 million hectares of shallow sea and shoal, of which only 400,000 hectares have been developed; 17.3 million hectares of inland water surfaces, of which only 3.86 million hectares have been developed and exploited; and 220 million hectares of grassland in northern China, of which only 1 percent has been improved. For intensive development, about two-thirds of China's existing croplands are moderate and low-yield croplands. If proper measures are taken, each mu of cropland can produce an additional 50-75 kilograms of grain. Moreover, the 12 provinces and autonomous regions in southern China have about 13.3 million hectares of winter fallow croplands, and over 8 million hectares of them can be developed and exploited in the near future.

Second, many achievements in scientific and technological research have not yet been extensively applied. According to estimates, technological achievements contribute only 30 percent to the nation's agricultural growth, whereas those of economically developed countries contribute 60 to 80 percent. This shows that China's agriculture is still at a technologically underdeveloped stage where agricultural operation remains extensive. Agricultural output certainly can be substantially enhanced if achievements in scientific and technological research are applied in agricultural production. For

example, the average per-mu yield of hybrid rice is about 75 kilograms higher than conventional rice. During the Sixth 5-Year Plan period, the nation's grain output had an aggregate increase of 58 million metric tons, of which some 20 percent should be attributed to the extensive use of hybrid rice during that period. This year, the nation has planned to expand hybrid rice by more than 1 million hectares. If the expansion is supplemented by adequate application of chemical fertilizer, the nation can reap an additional grain output of over 1 million metric tons.

Third, the output from China's agricultural input is quite low. While financial and material investments in agriculture are already inadequate, the money and materials resources are also improperly and inefficiently used, causing low output. Presently, the utilization rates of chemical fertilizer and irrigational water are both very low, ranging from approximately 30 to 35 percent. If the utilization rate of chemical fertilizer can be increased by 10 percent from the current level, it is tantamount to having an additional output of 9 million metric tons of chemical fertilizer in the country, or having enough to increase grain output by more than 13 million metric tons. By popularizing the technology of mixing and applying chemical fertilizer, we can increase output by 10 to 20 percent over conventional measures. Furthermore, in China's animal husbandry, the rates of transforming animal feeds into meat are low and only 77.6 percent of pigs in inventory can be slaughtered, whereas 100 percent of the pigs can be slaughtered in countries where pig raising is developed.

Animal Husbandry Production Grows Steadily
OW0806164788 Beijing XINHUA Domestic Service
in Chinese 1210 GMT 31 May 88

[By reporter Pu Liye]

[Text] Beijing, 31 May (XINHUA) — Recently this reporter learned from the Animal Husbandry Bureau of the Ministry of Agriculture that China continued to maintain a steady growth in the production of animal husbandry during the first quarter this year. Except hogs and hares, whose stock are slightly lower than during the same period last year, the stock of other livestock and poultry show a growth trend. Total revenues from livestock products during the first quarter reached 302,000 yuan, up 97.5 percent from same period last year.

According to the statistics of a survey conducted at focal points of 190 counties in 19 provinces, municipalities, and autonomous regions, including Hebei, Tianjin, Inner Mongolia, Heilongjiang, Jilin, and others, the output of pork during the first quarter is over 5 million kgs, 1 percent higher than the same period last year; the output of beef and mutton is up 37.5 and 16.6 percent respectively over same period last year; and milk production, the number of poultry sold, and eggs grew by 16.7, 33.6, and 8.1 percent respectively.

One gratifying signal from the animal husbandry production during the first quarter is that hog production, which was once on the decline, began to take a turn for the better. The increase of the price of pork, especially of young hogs, has sparked the initiative of peasants to raise hogs. According to the statistics of the survey conducted in 190 counties, the stock of female hogs capable of proliferation during the fourth quarter of 1987 decreased by 14.6 percent from same period 1986, while during the first quarter this year there is a drop of only 0.8 percent from same period last year and a rise of around 5 percent over the fourth quarter of last year. This shows that, since its decline early last year, the number of female hogs capable of proliferation is beginning to increase now. We may expect the shortage of hogs to be eased within this year.

Because the prices of eggs and poultry are higher, and because the poultry-raising industry has the characteristics of requiring less investment with a quick turnover and high economic returns, there was a greater extent of growth in poultry production during the first quarter. As of the end of March, the number of poultry in stock reached 1.502 million, posting a growth of 16.3 percent over same period last year. Among them, 988,000 are egg-laying and 368,000 are poultry raised for meat, up 13.4 and 32.3 percent respectively over same period last year.

The production of livestock, mainly composed of large livestock that feed on grass has enjoyed rapid development, too. The number of large livestock in stock during the first quarter is 4.3 percent more than same period last year—among them, the growth rate of cattle is 6.9 percent and goats 14.1 percent. The main reasons large livestock enjoyed a more rapid development are that the price hike of fodder has prompted the animal husbandry industry to seek development in the direction of economical consumption of fodder and that people have been increasing their demand for beef and mutton due to a change in their pattern of meat consumption.

Hainan Measures To Attract Land Use
HK0806143588 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Haikou (CEI)—Leader of Hainan Province Liang Xiang announced recently that Hainan would adopt preferential policies to make Hainan a more attractive place for overseas businesses.

He said Hainan will offer more competitive prices for transfer of land use right than in Hong Kong, Shenzhen and other special economic zones on the mainland.

Detailed regulations on the land use and management are now under way.

Land administration measures of Hainan were published here in February this year.

According to Liang, the initial prices for the transfer of land use right in Haikou will be 60-90 yuan per square meter for industrial use, 100-150 yuan per square meter for residential use, 150-200 yuan for financial and commercial use.

This is cheaper than those in Singapore, South Korea, Thailand, Hong Kong and Taiwan.

Liang revealed that some 800 overseas firms have applied for land use right in the province, involving a total of 6,667 hectares of land.

Film on 'Three Gorges' Project To Be Released
OW0806135788 Beijing XINHUA in English
0530 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — A documentary film focusing on the proposed Three Gorges project is being released by China Film Import-Export Corporation.

The 20-minute color engineering, science and technology film shows off the beautiful scenery in the Three Gorges and explains the proposed project, which includes a water impounding dam, flood releasing installations, powerplants and navigation facilities.

Since the early 1950s, thousands of technicians have been involved in exploration, planning, design and research study for the project, planned for the mid section of Xiling Gorge, the most easterly of the three, which combined stretch for 193 kilometers.

According to the film, the designed length of the concrete gravity dam will be 2,600 meters; the spillway section will contain 23 bottom outlets and 22 top openings; the total installed capacity of the powerplants will be 17.68 Million kilowatts and the navigation structures will include two-way five-step ship locks and a one-way vertical shiplift. The whole project is expected to take up to 18 years to complete.

The film also mentions major problems revealed during feasibility studies, such as sedimentation, emigration, ecological and environmental impacts, and the economic benefit the proposed project could bring.

Feasibility studies are still under way, and the decision whether to build the project or not will be made after the completion of all studies.

Statistics Bureau Releases Transportation Figures
OW0906022388 Beijing XINHUA in English
1040 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — China's trains carried 570 million passengers and 589 million tons of cargo in the first 5 months this year, according to the State Statistics Bureau.

Passenger volume was up 21.1 percent and freight up 6.3 percent over the same period last year.

Air travel and transport were also up. China's airplanes carried 18.2 percent more passengers and 12.2 percent more freight than the first 5 months of 1987.

Rail passenger volume has exceeded capacity. Many long distance trains operate at 50 percent beyond the figure allowed aboard, some even carry double.

Serious overloading was blamed for a succession of accidents earlier in the year.

Officials admit the country's transport capacity is far from sufficient.

Ministers Analyze Causes of Transport Accidents
OW0906063788 Beijing Domestic Service in Mandarin
0930 GMT 6 Jun 88

[Text] A national conference on traffic safety, sponsored by the State Council, remained in session yesterday.

While addressing the conference, Minister of Railways Li Senmao, Minister of Communications Qian Yongchang, CAAC Director General Hu Yizhou, and Vice Minister of Public Security Yu Lei analyzed the main causes for the poor traffic-safety records of this year. They held: The subjective causes for a poor record in traffic safety are ineffective leadership, poor management, lax labor discipline, and failure to implement traffic rules and measures; and the objective causes for this are the low technical levels caused by the replacement of children for their parents when the latter retire, obsolete and backward transport facilities, poor equipment and technology, a wide gap between the transport capacity and the volume of freight to be transported, and too much heavy pressure on transport departments.

Minister Li Senmao said: Railway departments across the country are summing up experiences in order to learn a lesson. They are trying to effectively implement various measures to solve practical problems. They are fostering the idea of safety first and are determined to manage railways in a serious manner and to enforce strong discipline to bring about a new situation in traffic safety.

Motor Vehicle Production Increases

OW0906032688 Beijing XINHUA in English
1334 GMT 8 Jun 88

[Text] Beijing, June (XINHUA) — China produced 245,500 motor vehicles in the first five months of this year, up 40 percent over the same period last year, according to the State Statistics Bureau.

Over 162,000 vehicles were sold on the domestic market in the first four months of the year, up 22 percent over the same time frame last year. Spring usually is a slack season for selling motor vehicles.

An official in the motor vehicle industry attributed the good results to the state's strict limit on the import of motor vehicles and strides made by the industry in improving quality and expanding selection to meet the market needs.

Traditional Chinese Medicine Prospers

OW0906045788 Beijing XINHUA in English
1424 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — The soaring popularity of traditional Chinese medicine has brought boom times for producers and gatherers of raw materials.

In the first quarter of this year, China's traditional medicine makers purchased 527 million yuan worth on raw materials, according to the Pharmaceutical Administration of China.

The purchases were 84 percent higher than the previous year and included such materials as root of herbaceous peony, the root bark of the tree peony, safelower and the dried rhizome of rehmannia, chrysanthemum, Chinese angelica, fuling (poris cocos) and the tuber of dwarf lilyturf.

Sales volumes of raw materials reached 976 million yuan, up 48.2-percent over the first quarter last year.

"The flowering of the traditional medicine market has many reasons," said Xu Zhongxin, an official of China National Corporation of Traditional and Herbal Medicine.

"Reforms have ended the days of unified purchase and sale by the state-run corporations and the business is done through varied channels.

"On the other hand, the no-side-effect traditional medicine is favored by the masses."

Tonics have become increasingly popular as more people are concerned about improving the quality of their lives, said Xu.

The national output of liquid tonics in the first quarter of the year was 88.8 percent higher than the period last year.

The output of ginseng queen jelly reached 202 million tubes, more than twice last year's first quarter production.

Tiger-bone wine output also doubled.

First quarter exports soared to 82 million yuan, 81.5 percent higher than the same period last year.

Volumes of exports of fuling, the root of herbaceous peony, pilose antler and the rhizome of chuanxiong doubled.

Xu said exports have been facilitated by foreign trade reforms, such as a greater number of export trading ports, by relaxation of tariffs for medicine entering Taiwan, and by the increase in Taiwan compatriots visiting and touring the mainland.

Further on Thoughts, Choices of College Students

Interested in State Affairs

OW0806124688 Beijing XINHUA in English
1120 GMT 6 Jun 88

[XINHUA Editor's Note: "Following is the fifth of a series of stories on a survey entitled 'Thoughts and Choices of China's College Students Today'; 'College Students Concern Themselves With State Affairs (by correspondent Wang Zhengzhong)' — XINHUA headline]

[Text] Hefei, June 6 (XINHUA) — A recent nationwide survey has revealed 75 percent of China's college students concern themselves with national and international events, while three percent are indifferent.

The news-hungry students read newspapers, listen to radios or watch television every day, according to the survey, which covered 10,000 students, or 0.5 percent of all college students nationwide.

The survey, conducted by the Hefei-based Chinese University of Science and Technology, covered 12 areas, including politics, life, morals and love.

Every class in the Hefei university subscribes to ten newspapers, including the Chinese Communist Party official newspaper, the PEOPLE'S DAILY, CHINA YOUTH NEWS and REFERENCE NEWS.

Yuan Zeqing, an organizer of the survey, said, "Students are currently preoccupied with how to unclog channels of democracy, and how to combat bureaucracy and misconduct."

Fifty-six percent of the students surveyed agreed that the first session of the Seventh National People's Congress marked a good beginning in promoting democracy in China.

They said they supported the democratic practices adopted during the session earlier this year, such as competitive elections, secret ballots and releasing the number of negative votes and abstentions.

However, 26 percent of the students disagreed, saying that what the session achieved in promoting democracy was not enough.

Asked "in regard to the results of the Chinese Communist Party's 13th National Congress, with what would you say you were satisfied?", the students gave their answers in the following order: "To give first priority to the expansion of scientific, technological and educational undertakings so as to push forward economic development", "separating the functions of the party from those of the government" and "defining the party's basic line during the primary stage of socialism".

Toward the end of 1986, students of the Chinese University of Science and Technology were involved in demonstrations to demand "democracy and freedom".

Wan Duanhua, a junior in the university's precision machinery department, took part in those demonstrations. "We committed an error because we did not know much about China's actual conditions. Now I've come to realize that 'democracy' in the West does not apply to China," he said.

According to Wan, democracy involves a gradual process, and improves with a rise in productive forces and peoples' standards of living and education.

The survey shows that nearly 83 percent of the students agreed with Wan, while 12 percent disagreed.

It also shows that students all resent bureaucracy and misconduct on the part of party and government officials, such as taking bribes, abusing power for personal gain, nepotism and back-door deals.

"I think Deng Xiaoping's idea of reform is really suited to China's actual conditions," said Tan Yejun, a sophomore biology student in Hefei's Chinese University of Science and Technology.

"If the Chinese Communist Party wants to make a success of the reforms, it must oppose bureaucracy and misconduct," he added.

According to Tan, ensuring citizens' election rights and developing a reliable system for dismissing incompetent officials, abolishing the de facto life-tenure of officials

and separating the functions of the party from those of the government are important measures to eliminate bureaucracy and misconduct.

Nearly 80 percent of the students surveyed agreed with Tan, while the rest shared a pessimistic attitude.

Almost 90 percent of the students agreed that the average living standard of the Chinese people has risen as a result of economic reforms over the past ten years, while about four percent did not agree.

Asked "what do you hope China's political reform will bring", the students answered as follows: "Higher governmental work efficiency", "elimination of all forms of misconduct", "the ability to more fully develop individual talents", "making sure that everyone is equal before the law" and "truly exercising the rights of citizens".

School Life Viewed

OW0906013488 Beijing XINHUA in English
1122 GMT 7 Jun 88

[XINHUA Editor's Note: "Following is the sixth and last of a series of stories on a survey entitled 'Thoughts and Choices of China's College Students Today'; 'College Students Speak Out on School Life (by correspondent Wang Zhengzhong)' — XINHUA headline]

[Text] Hefei, June 7 (XINHUA) — a recent nationwide survey has revealed some interesting aspects of life on Chinese campuses.

According to the survey, which covered 10,000 college students, or 0.5 percent of all college students nationwide, the average student has roughly 57.6 yuan a month in spending money.

Of that amount, 61 percent is spent on food, 13 percent on books and other school supplies, and the rest on extracurricular activities and small incidental expenses.

According to other sources, some college students in China are much freer than their parents in spending big sums, and people complain that today's college students are too "expensive".

However, a report from the Chinese People's University says that the average spending level of the Chinese college students is still roughly on the same level of other residents in society.

Xuan Xiaohu, a fourth-year student in the Construction Engineering Department of the Hefei Polytechnic University, said he lives on 70 yuan per month, of which 50 is spent on food.

He receives 50 yuan each month from his family in the countryside and another 20 yuan in subsidies from the school.

Figures released by the State Statistics Bureau show that, in 1987, the monthly living expense of an average Chinese urban dweller was 76.3 yuan, and that of a rural resident, 38.6 yuan.

"Believe me, I don't want to ask my family for a lot of money, but as you know, prices have gone up quite a bit," said Xuan.

His father works in a food [words indistinct] other farms. Both his younger brother and sister are at a middle school.

The survey also shows that 17 percent of college students live on less than 40 yuan every month, 45 percent are provided with 40 to 60 yuan a month as living expense, and 24 percent are given more than 60 yuan each month.

Xuan, one of the 10,000 students surveyed, said he spends 10 yuan each month buying books, seeing films and going to a cafe.

"It is really very boring to immerse oneself in books all day long," said Xuan. "I think sitting in a cafe, watching a good movie or going dancing, on an occasional basis, are all legitimate means of taking a break from the rigors of study."

"A diversity of extracurricular activities can broaden our vision, facilitate relaxation and promote friendship," he said, adding that "it is more comfortable discussing questions over a cup of coffee." (A cup of coffee costs 1.5 yuan)

"At the cafe, I can learn things that the university doesn't teach, such as how society evaluates college students," he said.

"All of my classmates like to travel, which we feel has become an indispensable part of our college life," he said.

"But we have to earn money for travel," Xuan said. During last year's summer vacation, he and some of his teachers and classmates designed a tourist camp site, for which he earned 120 yuan.

With that money, he toured the Huang Mountains in southern Anhui Province, renowned throughout China for their natural beauty.

College students are fond of dancing, music, photography, calligraphy and tourism, said Tian Zuohun, Hefei Polytechnic University's dean of students.

More than 70 percent of student organizations in Anhui's colleges are devoted to recreation, according to the survey.

East Region

Jiangsu Authorities Call for Honesty, Frugality
*OW0806140688 Nanjing Jiangsu Provincial Service
in Mandarin 0915 GMT 31 May 88*

[Text] The Jiangsu provincial party committee and government recently drew up regulations calling on party and government units to maintain an honest work style while performing their duties.

The regulations strictly forbid party and government cadres from seeking personal gain by taking advantage of their powers and offices. The regulations provide: Party and government cadres at all levels must not take advantage of their control of personnel or financial and material resources to seek gains for themselves or for their family members and friends or small groups of people in violation of policies. All official business should be done according to principles. Cases that need to be processed should be handled according to regulations and should not be delayed unnecessarily or deliberately, much less should money be extorted from them. Cases that should be rejected should not be handled by bending the law, regardless who their sponsors may be. Party and government organs at all levels must strive to make their operation more understandable and make their processing procedures more open and standardized.

The regulations strictly forbid party and government units and cadres from engaging in trade or operating commercial business. They provide: All official organs should strictly follow the central authorities' relevant regulations and not exceed their bounds in setting up labor and service companies and other service centers that serve cadres and staff members and provide jobs to their children; in organizing professional, technical and administrative personnel to provide technical consultative and other paid services; or in placing retired personnel to work for enterprises or become their partners. Party and government cadres, in particular, are not allowed to take advantage of their authority or their connections to intercede, receive kickbacks, or trade titles for rewards; or to demand commodities in short supply from producers and then resell them for profits.

The regulations strictly forbid party and government units and cadres from using public funds for entertaining guests. They provide: When cadres at various levels go to subordinate units to inspect and guide their work, or to conduct investigation and study, they all should eat regular meals and pay for their food and lodging according to the regulations. They should not accept any entertainment paid for by public funds.

The regulations strictly forbid party and government units and cadres from buying gifts with public funds, or accepting gifts, samples, or new products in the name of evaluating or testing them.

The regulations urge party and government units and cadres to set an example by not making any sightseeing trips at public expense. They provide: Party and government units at all levels must take the lead in improving public conduct. In principle, they should not sponsor meetings in tourist cities or in scenic and historical areas.

The regulations urge party and government organs to take the lead in conserving expenses and strictly curtail institutions' purchasing power. They say: Party and government units and cadres must consider hard work and frugality an honor and extravagance and spend-thrift practices a shame. They must firmly repudiate the undesirable practice of competing with each other for ostentation and extravagance, and earnestly curtail institutions' constantly expanding needs for consumer goods. This year, there shall be no purchases of 19 kinds of state-controlled goods, including small and large sedans, air conditioners, color television sets, copy machines, rugs, and sofas.

The Jiangsu provincial party committee and government urge party and government organs at all levels in Jiangsu to take earnest and effective measures to ensure the implementation of these regulations.

Jiangsu Sets Up Foreign Consulting Center
*HK0806142588 Beijing CEI Database in English
8 Jun 88*

[China Economic Information (CEI) Database]

[Text] Nanjing (CEI)—An exhibition and consulting service center especially catering to the needs of foreign business people has been recently set up in Nanjing, Jiangsu Province.

It was founded by the Nanjiang World Trade Center and has set up its office in the Jinling Hotel of Nanjing.

Jiangsu has the nation's highest industrial and agricultural output values. The outputs of textile, electronic, machinery, chemical and building industries and technical levels in these fields are the highest in the country. Its exports of agricultural products valued at 2.1 billion U.S. dollars in 1987.

Besides displaying light industrial products, handicrafts, electronic products, grain, edible oil, native produce, animal by-products, textiles and silk, chemical products, medical and health-care facilities, metals, minerals, building materials and machinery instruments from more than 200 enterprises of Jiangsu Province, the exhibition and consulting service center also helps organize trade talks, meetings and technology exchanges between foreign and Chinese firms, organize business trips for foreigners, and provide economic information.

Products provided by overseas firms can also be displayed at the center.

Shanghai Economic Situation Shows Mixed Results

May Exports Down

OW0906054688 Beijing XINHUA in English
1055 GMT 8 Jun 88

[Text] Shanghai, June 8 (XINHUA) — Shanghai's exports in May were down from the previous month, although exports for the first five months of the year were well above last year's.

The city exported 340 million dollars worth of goods in May, a decline of 15 percent from the previous month.

Yet exports for the year to the end of May were worth 1.88 billion U.S. dollars, representing an increase of 15.9 percent over last year.

Imports for the year to date have totalled 790 million U.S. dollars.

The city's export target for the year is 4.3 billion U.S. dollars.

Industrial Output Up

HK0806135988 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Shanghai (CEI)—Shanghai's industrial output value reached 9.117 billion yuan in May, the highest monthly figure ever recorded in the metropolis. This represents an 8.5 percent increase over the same period last year, according to statistics from the Shanghai Statistical Bureau. The total industrial output value from January to May amounted to 41.95 billion yuan, up 5.8 percent over the corresponding period last year. The growth rate for the first six months may reach six percent.

According to analysis, industrial production in Shanghai bears the following characteristics:

Local industry grew smoothly. Its output value in May increased by 9.7 percent.

State-owned industry witnessed an 1.9 percent increase over the same period last year.

Collectively-owned industry, cooperative enterprises and foreign-funded ventures developed rapidly. The growth rate in the collectively-owned industry was 15.5 percent and that in the cooperative enterprises and foreign-funded ventures was 60.5 percent.

Shanghai Report on 1987 Accounts, 1988 Budget
OW0806093488 Shanghai JIEFANG RIBAO
in Chinese 3 May 88 p 3

["Excerpts" of a report on Shanghai's 1987 final accounts and 1988 budget given by Vice Mayor Li Zhaoji at the First Session of the Ninth Shanghai Municipal People's Congress on 20 April 1988]

[Text] I. The 1987 Final Accounts

Shanghai's local revenues in 1987 were 16,897 million yuan, which was 100.2 percent of the readjusted budget. Of the amount, 16,513 million yuan — or 100.1 percent of the readjusted budget, which is 6.2 percent lower than in 1986 — was part of the state budget; and 384 million yuan — or 106.8 percent of the readjusted budget — was raised locally. The total receipts in 1987 were 17,291 million yuan if the 394 million yuan — the percentage of funds for key energy and communications projects that Shanghai was entitled to retain — is included. The expenditures in 1987 totalled 5,385 million yuan, which was 97.3 percent of the readjusted budget and 8.9 percent lower than in 1986; and 11,998 million yuan was delivered to the central government. Because the receipts fell short of the target set earlier in the year, there was a deficit of 92 million yuan, even though expenditures were curtailed. We are ready to make up the shortage with the surpluses of the previous years.

The principal receipts in 1987 were:

Revenues from business taxes continued to grow. Business taxes collected in 1987 reached 11,313 million yuan, or 101.2 percent of the target, topping that of the preceding year by 508 million yuan or 4.7 percent.

Revenues from enterprises, especially industrial enterprises, continued to drop. Receipts from various enterprises in 1987 (including income tax, regulation tax, and profits from state enterprises, and subsidies for their deficits) were 4,841 million yuan. That was 96.1 percent of the target and a drop of 26.4 percent, or 1,735 million yuan, from that of 1986. Revenues from industrial enterprises dropped 1,385 million yuan.

Major expenditures in 1987 were:

Expenditures for municipal maintenance and construction (including expenses for environmental control and loan repayments) were 1,259 million yuan, or 99.3 percent of the target. Of the 2,296 million yuan for municipal construction projects, including the 1,037 million yuan the municipal government raised from borrowing and other sources, the city spent 1,735 million yuan on municipal construction, thus ensuring normal progress and completion of major municipal construction projects.

Expenditures for cultural projects, education, and public health were 1.1 billion yuan, or 100.4 percent of the target, an increase of 5.1 percent or 53 million yuan over 1986. While ensuring the budget for essential personnel, the relevant departments in Shanghai attached great importance to efficiency in the use of the budget. Because of the overall arrangements, the limited budget could be used rationally. The major expenditures were:

1. Expenditure for education was 661 million yuan, a growth of 4.6 percent over 1986 and 98.4 percent of the budget.
2. Expenditure for public health services was 306 million yuan, which was 101.5 percent of the budget and a growth of 4.5 percent over 1986.
3. Expenditure for cultural affairs, sports, and radio broadcasting was 116 million yuan, which was 103.2 percent of the budget and 4.9 percent higher than in 1986.
4. Expenditure for other cultural and educational activities was 7.97 million yuan.

Expenditure for scientific projects was 97.32 million yuan, or 96.8 percent of the budget. While the budget for local scientific and technical projects was reduced by 5 percent, operating expenses increased 1.22 percent over the preceding year.

Expenditure for supporting agricultural production was 168 million yuan, or 90.7 percent of the budget. The savings were primarily achieved by delaying the expenditure for the Youdungang waterway until 1988 and by economizing on expenses for other projects.

Administrative expenses were 228 million yuan, which was 91.4 percent of the budget and 9.4 percent higher than that of 1986. If the personnel budget is excluded, public expenses rose 2.7 percent, and expenses for purchases dropped substantially.

Efforts were made in the following areas to slow the trend of declining revenues:

First, a campaign to increase output and revenues and curtail expenditures and consumption of resources was carried out in Shanghai to encourage industrial enterprises to tap their potential and to increase output and revenues, and to encourage commercial departments to expand commodity circulation and increase market supply. Second, in order to invigorate the enterprises, build their stamina, and increase localities' financial strength, on the basis of upholding reform, the Shanghai municipal government has entered into all forms of contractual operations with a number of state-operated industrial and commercial enterprises. Although our receipts and expenditures in 1987 were within the readjusted budget, we fell short of what economic reform requires in many ways: Our response to declining receipts was not quick enough, and our measures to deal with the situation were

not effective enough; comprehensive contractual measures were not broadly carried out by enterprises and certain contractual measures were defective and irrational; fiscal matters were not supervised strictly, and our enterprises were not assisted effectively in tapping their potential; the use of administrative expenses was not conserved adequately and there were still too many units; the growth of personnel budgets was still excessive; and the pace of our institutions in increasing revenues was not great enough.

II. The 1988 Budget

Stabilizing the economy and deepening reforms are the focus of economic work in 1988 and the guidelines for budget planning. The basic principles for Shanghai's 1988 budget planning are as follow: We should give enterprises the support they need to enter into all forms of contractual operations so that they can achieve better economic performance and increase revenues. We should spend within our means and tighten expenditures in order to ensure the needs of key enterprises' technological upgrading. Then we should support agricultural, scientific, and educational development, and make great efforts to curtail capital construction, the purchasing power of institutions, and their administrative budgets. We must also strive to achieve a balance of revenues and expenditures by increasing production and revenues while curtailing expenditures. The plans for Shanghai's revenues and expenditures in 1988 are: The annual total receipts will be 16,524 million yuan, of which 15.51 billion yuan is revenue budgeted by the state (the actual amount will be 15.3 billion yuan — or 7.3 percent lower than in 1987 after funds for local energy and communications projects are deducted) and 360 million yuan will be locally raised capital. Another 554 million yuan are subsidies from the central government for special local projects. The total expenditures in 1988 will also be 16,524 million yuan, of which 5.93 billion yuan are budgeted expenditures (which is 15.8 percent lower than that of 1987 after deducting the 1.4 billion yuan for independent projects). A contracted quota of 10.5 billion yuan and 94 million yuan of revenues from other sources (52 million yuan of port revenues and 42 million yuan of revenues from transshipment of imported grain) will be delivered to the state. The accounts show that there will be a balanced budget in 1988.

Special attention has been paid to the following while planning the 1988 expenditures:

1. A total of 1.4 billion yuan will be spent on upgrading the technology of enterprises and developing their production. The additional 1.4 billion yuan that the central government has authorized Shanghai to spend under the new fiscal system will be managed independently. The use will be compensatory so that its fund will increase and so that it will be used primarily for production investment, upgrading enterprises' technology, and making Shanghai more capable of rejuvenating its economy.

2. Active efforts will be made to raise capital, and the use of financial resources will be rationally planned to make sure that the key projects in Shanghai's infrastructure can proceed normally. This year, 945 million yuan has been earmarked for capital construction and technological upgrading. However, after repaying the 1987 loans and giving financial support for various districts and counties, only 577 million yuan are under the control of the municipal treasury. Furthermore, after deducting 336 million yuan for urban maintenance and earmarking 110 million for subsidizing environmental protection, the actual needs far exceed the available budget for municipal construction and maintenance. For this reason, the municipal government will continue to raise money through different channels — including borrowing — to ensure the needs of various key projects such as the subterranean channel linking Yanan East Road and the reconstruction of piers along the Huang Pu Jiang. These funds will also be used to eliminate urban hazards. Ordinary non-productive projects will be curtailed substantially in the spirit of the "three guarantees and three restrictions" [guaranteeing the construction of projects included in the plan, of productive projects, and of key projects, while restricting projects that are outside the plan, nonproductive, and not key]. Firm steps will be taken to check projects under construction and strictly restrict new projects.

3. More resources will be used for agricultural development, because agriculture is the groundwork of the entire national economic development. To carry through the policy of the "two standpoints" in the work in suburban areas, 185 million yuan has been allocated to support agricultural production this year, 10.7 percent more than last year. The increased appropriation will be used mainly to establish a special fund for agricultural development. This fund will be used to develop beach areas, reinforce the groundwork of old buildings, expand farmland area, revamp and improve low-yield farmland, and raise per mu yield.

4. Greater efforts will be made to cultivate specialized people, priority will be given to educational development, and sufficient funds will be given to cultural and public health work. A total of 1.176 billion yuan has been allocated for cultural, educational, and public health work this year, an increase of 76 million yuan, or 6.9 percent, over 1987.

Funds for educational development have been fixed at 714 million yuan, 8 percent more than 1987. This is needed to ensure that there are enough funds for the expected peak numbers of secondary and primary school students this year, and for the pay raise for teachers at these schools (including special secondary schools).

Funds for public health work (including the promotion of traditional Chinese medicine, funds for government-paid medical expenses, and funds for family planning work) have been fixed at 325 million yuan, an increase of 6.1 percent over 1987.

A total of 120 million yuan has been allocated for the development of cultural work, physical culture, and broadcasting and television services, 3.3 percent more than the previous year.

5. An amount of 102 million yuan has been appropriated for scientific development, an increase of 5 percent over the previous year. This fund will be used mainly for tackling the major scientific and technological problems in the Seventh 5-Year Plan, for carrying out new technological and scientific research projects, for financing technological development projects designed to expand Shanghai's export capacity, and for supporting the spark plan projects.

6. Administrative and related expenses will be put under proper control, and the emphasis will be put on curtailing public funds. Administrative funds for 1988 have been fixed at 137 million yuan, 3 percent less than 1987.

III. Strive To Fulfill the 1988 Budget

In 1988, we should center our work on stabilizing the economy and further carrying out reform. We should be committed to reform, and should speed up development in economic and other fields, make great efforts to increase revenues, curtail expenditures strictly and keep them under tight control, and ensure a balance between revenues and expenditures. The following work should be carried out properly in 1988:

1. We should continue to intensify the campaign to increase production and practice economy and to increase revenues and reduce expenditures (the "double increase and double economy" campaign). Leading departments at all levels should not relent for a moment in regard to promoting the "double increase and double economy" campaign. The focus of this campaign should be put on grass-roots enterprises, and the campaign should focus on improving economic results. All work of this campaign should be carried out truthfully.

2. We should further improve the contract responsibility system for business management and better the financial management system of districts and counties. The contract responsibility system of business management is to be instituted in all state-owned enterprises in 1988 so that the management mechanism of enterprises and their economic performance can improve and their financial revenues can increase.

We need to encourage district and county authorities to develop the economy and work in other fields and to increase revenues and reduce expenditures. In order to accomplish these tasks, beginning in 1988, districts will implement a new program which sets base amounts for revenues and expenditures and disposes of additional revenues and expenditures on a contract basis. Counties will implement a program which sets base amounts for revenues and expenditures, requires that they deliver a

specified amount of revenues to the higher authorities, and share additional revenues with higher authorities. These programs will be implemented for 5 years.

3. We should accelerate development of an export-oriented economy and give impetus to scientific and technological progress. We should adopt a more favorable tax policy toward enterprises that engage in the three forms of import processing and compensation trade, that export their labor force, and that work to increase exports and foreign exchange earnings. Research units and colleges that make contributions to developing Shanghai's export-oriented economy should also be allowed to pay less in taxes in order to facilitate the transformation of new scientific research results and newly developed technology into productive forces. Scientists and technical workers who make contributions to the state and the public should be given financial support and encouragement in order to lift their morale and unleash their creativity.

4. Tax collection and management should be strengthened, and more efforts should be made to increase revenues. The central tasks this year are to improve the tax collection system and the administrative system of taxing individual business operators and private enterprises. In particular, we should review and sum up the new categories of taxes enforced last year, discover problems, and take corrective measures to check tax evasion. All departments, units, and individuals must pay tax according to the law. No one is allowed to reduce tax rates or exempt others from paying tax without authorization.

5. We should control group consumption, curtail expenditures, and improve the efficiency of fund utilization. All departments and units, especially administrative units and institutions, must abide by the policy of working hard and practicing economy conscientiously, and plan their expenditures carefully. We should take drastic measures to check group purchasing power. The target of reducing public funds by 10 percent must be achieved through joint efforts by authorities at various levels. Funds should be used on a contract basis, and extra expenditures will not be reimbursed. In addition, we should reduce strictly funds for purchasing durable items, cut down meeting expenses drastically, and tighten control over travel expenses.

Shanghai To Found Import-Export Inspection Center
HK0806143388 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Shanghai (CEI)—The China Import and Export Commodities Inspection Corporation, the Geneva's S. G. S. from Switzerland and the Mitsui and Co Ltd of Japan have recently signed an agreement to set up an inspection center for import and export consumer goods in Shanghai.

The center has been set up to meet the requirements of EEC countries and the United States on imported textiles and other consumer goods.

Shanghai Issues State Construction Bonds
HK0806140988 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Shanghai (CEI)—Shanghai will issue a total of 323.5 million yuan in state construction bonds from June.

The bonds are part of the 8 billion yuan state bonds issued in 1988. The bonds are intended to fund key construction projects and to adjust the investment structure.

The bonds have a face value of 100 yuan, 500 yuan, 1,000 yuan and 10,000 yuan, to be redeemed in two years and bearing an annual interest of 9.5 percent. The bonds will be issued in three stages: in June, August and October. They can be sold on the stock exchange by the end of November when the sale stops.

It is learnt that Shanghai has issued state and local bonds totalling 500 million yuan in the first half of the year, and will continue to issue financial bonds, enterprise bonds and monetary bonds. It is expected to issue a total of 1.8 billion yuan in bonds this year.

Shanghai Urged To Reduce Luxurious Buildings
OW0806125288 Shanghai City Service in Mandarin
2200 GMT 29 May 88

["Excerpts" of article from JINRI LUNTAN (TODAY'S FORUM): "A Good Slash"]

[Text] A few days ago, the Sixth Executive Meeting of the State Council chaired by Premier Li Peng decided to stop and delay the construction of 31 office buildings, meeting halls, and guesthouses in Beijing belonging to the central authorities and Beijing Municipality. The meeting also decided that in the future, to control the construction of this type of building strictly and effectively, leaders themselves are not allowed to approve construction of projects simply by signing memos, and all localities should check up earnestly on capital construction projects and put them in order.

The party Central Committee and the State Council have ordered repeatedly scaling down investment in capital construction. We have shouted this slogan for many years. Now the State Council's leader is determined to take concrete actions, and 31 projects have been slashed at one stroke. This was a clean, praiseworthy slash indeed. This new phenomenon in the capital shows the people's government determination to pursue the task of national buildup with dedication and in a down-to-earth manner. Here lies the real hope for making the government function well, for bringing peace to the people, and for invigorating the economy.

Here we cannot help but turn our eyes to Shanghai. Statistics of the departments concerned show that Shanghai was seized by a building-guesthouses craze recently, despite its dwindling finances. The bustling scenes at the construction sites show no signs of abating. Walking along the streets, one could see hotels, restaurants, and other high-rises shooting up here and there. Does a good investment environment mean only row upon row of high-rises? If we do not take a realistic approach to change the people's mentality, concepts, and the outdated product-oriented economy, Shanghai will never attract tens of thousands of businessmen no matter how many hotels we build.

Speaking honestly, the people have many complaints about going in for large-scale construction projects such as office buildings, meeting halls, and guesthouses. We should not lose sight of the hazardous buildings in many primary and secondary schools awaiting repair. Many skilled craftsmen, scholars, experts, and artists are still working and living in small rooms.

We hope the departments in charge and leaders concerned will show more sympathy by building more projects that promote education and improve the people's livelihood, and by building fewer office buildings, meeting halls and guesthouses. Funds and energy should be used where they are needed badly.

A Chinese saying goes: "Those in a subordinate position will follow the example set by their superiors." The Sixth Executive Meeting of the State Council has made a correct decision and set a good example. Naturally the people hope that the Shanghai government will check up earnestly on construction projects like office buildings, meeting halls, and guesthouses in Shanghai, put them in order, and let the people know the results.

Shanghai Congress Committee Mulls Economic Laws
OW0806043088 Shanghai City Service in Mandarin
to 2200 GMT 3 Jun 88

[Excerpts] The joint group meeting of the first Standing Committee session of the ninth municipal People's Congress on 3 June called for strengthening local legislation work in 1988, with focus on economic laws and laws concerning foreign affairs or nationals.

During 1988, the municipal People's Congress Standing Committee will pay close attention to drafting or revising Regulations on the Shanghai Economic and Technological Zone, Regulations on the Inspection of Import and Export Commodities of Shanghai, Provisional Regulations on the Shanghai New Technology Development Zone, Regulations on Protecting the Interests of Consumers of Shanghai, and Rules for the Implementation of the Land Management Law. [passage omitted]

The municipal People's Congress Standing Committee has decided to regard the drafting of local laws as one of its priorities this year. [passage omitted]

Shanghai Schools Stress Sex Education
OW0906041088 Beijing XINHUA in English
1416 GMT 8 Jun 88

[Text] Shanghai, June 8 (XINHUA)—Sex education among teenagers has become a regular lesson for middle school students in this metropolis of Shanghai.

Yuan Chai, director of the city Education Bureau, said today that nearly 70,000 students between the ages of 13-17 have had sex education courses centering on proper hygiene, the physical and psychological aspects of puberty, and sexual morality.

He was speaking at a forum being held in the city to discuss teen sex education, which was sponsored by the State Education Commission and the State Family Planning Commission.

Yuan stated his belief sex education is "helpful to the healthy growth of youngsters."

He said most middle school students know next to nothing about sex and what little knowledge they do have usually comes from films, novels, magazines and talks among themselves.

"This should be changed," he said.

Shanghai started sex education classes in its key schools as early as 1976. In 1980, a series of textbooks and reading materials were completed and introduced, and the program has now been put in place in 250 middle schools in the city.

According to a survey of 821 classes in the city which have had such education, juvenile delinquency rates dropped from 2.8 percent to 0.03 percent.

Dance Halls, Teahouses Thrive in Shanghai
OW0806152688 Beijing XINHUA in English
0728 GMT 7 Jun 88

[Text] Shanghai, June 7 (XINHUA) — Chen Huazun, a grain company contractor, travels 40 kilometers by bus to Fuzhou at least once a month, but he doesn't come to the provincial capital for business, he comes to dance.

Chen's favorite dance hall is in the city's Foreign Trade Center, which he describes as "quiet and pleasant, and a good place to relax for a while."

The seven open cities in the Shanghai economic zone, which includes Fuzhou, are China's most culturally active, and now boast more than 300 public dance halls and teahouses which handle 50,000 customers a day.

These establishments first appeared in hotels and restaurants and used to mainly cater to foreign business people and Hong Kong and Macao compatriots.

Later, these dance halls and teahouses became popular with local young people, and since, more have been opened in art and cultural centers, cinemas and theaters.

The most luxurious are those which are supported by foreign investment, like the Jinjiang Dance Hall, which is jointly-run by Hong Kong, Singapore and Shanghai and includes ballrooms and teahouses which offer live musical entertainment.

In spite of the expensive ticket price, this dance hall is often crowded and designates every Tuesday night as "ladies' night," when all women get in for half price. On Saturday nights raffle tickets are sold which entitle 15 lucky winners one free entry.

The dance hall has also sponsored a lottery for travel abroad, with the first winner awarded an all-expense paid trip to Singapore.

Though most of the customers are foreigners and visitors from Hong Kong, Macao and Taiwan, this lively night spot is also becoming popular with self-employed local merchants who have a lot of money to spend.

The mood in the East Asia Hotel's teahouse is quite different. Nightly, more than 200 customers, which include the elderly, young couples with children, and individuals on business in Shanghai sip tea to soothing music.

"Farmers also come to our teahouse," the manager said, adding once more than 30 farmers came to relax at the teahouse while sightseeing in Shanghai.

The jazz band in the Peace Hotel's coffee house also draws a big crowd, and is very popular with foreign customers, like representatives of foreign firms, diplomats and tourists.

The ordinary people prefer less expensive dance halls, like an art center in Ningbo, where the price of admission is only 1.5 yuan and more than 10,000 come to dance every month.

The two dance halls at Fuzhou's "May 1st" square not only offer affordable prices, but also one room for the young who like a good beat and another especially for the elderly.

"The young people who work in my factory really enjoy dancing," said a worker from the Ningbo printing and dyeing mill, who just spent a few dollars to get into the Asian Chinese Garden Hotel's disco.

These days, not much is said about these dance halls and teahouses, but several years ago, they were a subject of heated debate. In some cases, they were even shut down because people complained of dancers' indecent behavior and gang fights.

Today, most public dance halls and teahouses have regulations which govern both service and customers' behavior, and only qualified bands and singers who have obtained the necessary certificates from the local Cultural Department are allowed to perform.

Central-South Region

Guangdong Crop Output Shows Large Increase
HK0806141188 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Guangzhou (CEI)—The output of spring crops this year has increased greatly in Guangdong Province. Compared with last year, the total yield of wheat and upland rice increasing by 12.6 and 43.7 percent respectively, oil crops 6.4 percent, tobacco 16.4 percent and vegetables 16 percent.

Guangdong Farm Exports Sugarcane to Japan
HK0806141388 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Guangzhou (CEI)—Dawang Overseas Farm in Guangdong Province has begun to export sugarcane leaf silage. The first 500 tons have been shipped to Japan.

Dawang Farm is one of the main sugarcane producers in the province. It used to grow about 2,000 hectares of sugarcane every year, with an annual output of fresh sugarcane tips of 25,000 tons. Early this year, with the help of some college teachers, the farm successfully trial-produced the sugarcane leaf silage and later put it into production. At present, the daily output of the silage is about 30 tons.

Guangdong's Shantou Draws More Foreign Investment
OW0806134088 Beijing XINHUA in English
0634 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — The Shantou Special Economic Zone signed more than 30 joint-venture contracts worth 30 million U.S. dollars during the first five months of this year.

According to today's overseas edition of the "PEOPLE'S DAILY," this figure is nine times that of the same 1987 period.

"Estimates indicate this year's foreign investment in the zone will equal that of the past six years combined," said Lin Hanguang, director of the zone's Economic Development Bureau.

Lin attributed the sharp increase in foreign investment to a policy change which now allows enterprises funded solely by foreign capital to get approval locally instead of from the Ministry of Foreign Economic Relations and Trade, as well as improvements of the zone's infrastructure.

In addition to the zone's investors from Hong Kong, Macao and Southeast Asian countries, Shantou is now pulling in investment from Britain, France and the United States in the form of joint ventures and compensation trade agreements.

The paper also said, the scope of cooperative projects has expanded from garments and plastics to the manufacture of electronics, wrist watches, machinery and chemicals.

To date, Shantou is the home of 79 foreign-funded enterprises which scored a combined industrial and agricultural output value of 203 million yuan (54.9 million U.S. dollars) last year, or 60 percent of the zone's total.

Hainan To Delegate More Power to Enterprises
OW0906021688 Beijing XINHUA Domestic Service in Chinese 0047 GMT 5 Jun 88

[By reporter Tian Chuan]

[Excerpt] Haikou, 5 Jun (XINHUA) — While organizing and changing the functions of government units, Hainan Province, instead of simply disbanding or combining the functions and organs of the former Hainan Administration Area, has shifted a great deal of economic functions to the public sector.

This reporter has been informed by a person concerned that the newly established Hainan provincial government will delegate the management power of personnel, labor, wages, finance, supply, and production planning to the individual enterprises and institutions; that government economic departments will no longer directly manage the party, mass, and social work of enterprises and institutions; and that the statistics work of enterprises will also be delegated to the local statistics departments where the enterprises are located.

This same party has also informed this reporter that because of the delegation of these powers to the enterprises and institutions, the government will no longer set up units in charge of these responsibilities. Thus, there will be no water conservancy and electric power, commerce, foreign trade, machine building, light industry, and forestry bureaus nor any enterprise personnel, labor and wages, and production planning departments under the Hainan provincial government. [passage omitted]

Henan Bureau Director Moves to Nongovernment Post
OW0806083488 Beijing XINHUA in English 0638 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — The director of the Henan Provincial Machinery and Electronics Industrial Bureau has just left his post to set up the Henan Provincial Electronics, Machinery and Equipment Industry-Trade Group, Today's "PEOPLE'S DAILY" reported.

According to the paper, Miao Wanhe, made the decision after winning the support of Henan Provincial Party Committee and government.

The Henan Provincial Electronics, Machinery and Equipment Industry-Trade Group Involves more than 40 local firms and uses the Henan Provincial Machinery and Equipment Import-Export Corporation as the group's base.

The group, which will operate using its own funds and be completely responsible for its profits or losses, was organized as a means to promote information exchange, open the international market, import technology, funds, equipment and personnel, and boost Henan's machinery and electronic industries.

Hubei Firm Develops Vehicle Production
OW0906043688 Beijing XINHUA in English 1356 GMT 8 Jun 88

[Text] Hangzhou, June 8 (XINHUA) — A large motor vehicle corporation in China turned out 121,000 vehicles last year, scoring 6.47 billion yuan in output value.

The Dongfeng Motor Industry Corporation includes 210 enterprises across the country, which are engaged in various facets of motor vehicle production.

The main enterprise in the corporation is the Hubei province-based Dongfeng Motor Vehicle Plant, which has produced more than 500,000 vehicles since opening its doors.

Zuang Xianchang, vice-chairman of the board, said, "we're going to turn out 150,000 vehicles annually by the end of 1990 and 450,000 by the end of 1995."

Zuang disclosed that the corporation's aim is to occupy one third of China's motor vehicle market by the year 2000.

Hunan Leaders Cited on Foreign Exchange Income
HK0906043488 Changsha Hunan Provincial Service in Mandarin 2200 GMT 7 Jun 88

[Text] In his speech at a provincial work conference on township and town enterprises' foreign exchange income from exports which concluded yesterday [7 June], Chen Bangzhu, Standing Committee member of the provincial party committee and vice governor, noted: The whole

province must achieve a deeper understanding of our township and town enterprises' work of increasing foreign exchange income from exports, create fine conditions as well as spacious external environment for promoting such work in terms of our policies and measures, and open up new prospects for promoting such work.

This conference opened on 4 June in Changsha.

During the conference, Xiong Qingquan, secretary of the provincial party committee and governor, exchanged views on village-level economic development with some prefectural commissioners and city mayors as well as with some township and town enterprise bureau directors. Yang Huiquan, vice governor, delivered a report on issues relating to Hunan township and town enterprises' foreign exchange income from exports. Zhuo Kangning, vice governor, delivered a speech on issues regarding the development of Hunan township and town enterprises.

The closing ceremony of the conference held yesterday was presided over by Lu Huiyun, secretary general of the provincial people's government. First of all, Lu Huiyun read out in public the provincial government's circular, which calls for learning from peasant entrepreneurs (Wu Zhiquan), (Wu Qi), and (Wu Chongnan) and for making great efforts to promote the work of increasing our township and town enterprises' foreign exchange income from exports.

Next, Chen Bangzhu delivered an important speech, saying: This year the situation of the development of township and town enterprises in our province has been good. During the January-May period this year, the total output value produced by township and town enterprises in our province exceeded 7.97 billion yuan, accounting for 37.8 percent of their annual plan for output value and registering a sharp increase compared to the same period last year.

Referring to issues relating to the work of increasing township and town enterprises' income from exports, Vice Governor Chen stressed: Our township and town enterprises constitute an important contingent engaged in increasing foreign exchange income from exports. The whole province must create conditions for increasing our township and town enterprises' income from exports. Departments at all levels must adopt an overall point of view in considering this issue. The provincial government will soon issue a document to announce several preferential policies aimed at promoting the work of increasing township and town enterprises' income from exports. Governments at all levels must support this work energetically. Foreign trade departments must provide more services for promoting export businesses of our township and town enterprises. All departments must help one another and promote jointly the work of increasing township and town enterprises' income from exports.

Also attending yesterday's closing ceremony were Zhuo Kangning, vice governor; as well as (Liu Yanan), Zhang Wenguang, and (Shi Jie), advisers to the provincial people's government.

Gong Yuzhi, Hunan Leaders Discuss Ideology
HK0906021788 Changsha Hunan Provincial Service in Mandarin 2200 GMT 8 Jun 88

[Text] On 8 June, Gong Yuzhi, deputy director of the CPC Central Committee Propaganda Department, who is currently conducting investigation and study in Hunan, held a discussion meeting with Xiong Qingquan, secretary of the provincial party committee and governor; Liu Zheng, deputy secretary of the provincial party committee; and (Xia Zanzhong), member of the Standing Committee of the provincial party committee and director of the provincial Propaganda Department. They exchanged views on how to step up and improve ideological and political work and strengthen Marxist theoretical work amid reforms and opening up.

They pointed out that the current practice of reforms and opening up urgently requires theoretical guidance. Theoretical workers must be bold in breaking into forbidden areas in conjunction with reality, and study and answer major issues raised in the practice of reform and in current life. Comrades engaged in practical work must also enhance their interest in theory, sum up experiences, further emancipate their minds, and speed up the pace of reform and opening up. Theory and practice must be linked closely to each other, not separated.

After the meeting, Comrade Gong Yuzhi and the leading comrades of the provincial party committee met the personnel of the Central Documents Research Office and the editorial personnel of Hunan who are taking part in editing Mao Zedong's early writings.

Southwest Region

Tibet Private Dealers in Religious Items Flourish
OW0806092188 Beijing XINHUA in English 1354 GMT 7 Jun 88

[Text] Lhasa, June 7 (XINHUA) — Private dealers in religious articles are doing a flourishing business in the heart of Lhasa, capital of the Tibet Autonomous Region.

Every morning, they set up their stalls next to the Jokhang Temple and begin to shout out their wares — Buddha busts, prayer tapes, books of scriptures, hada silk scarves, and incense ... you name it.

According to a local trade and commerce official, most of the traders are locals or herdsmen, but some are Hans from neighboring provinces of Sichuan, Qinghai, or Gansu.

The gay and gawdy street market is oddly juxtaposed against the solemn monks paying their respects at the temple.

One of the hottest selling items is hada, a thin piece of silk that Tibetans use as gifts to friends or to temples as an offering to God.

Tibetans like to buy hada from the stands run by Han people, because, they say, they get a fair deal.

One Han seller of hada said his business picks up in winters and summers, the busiest times of the year for religious festivals or pilgrimages.

Another Han seller said his hada sales never slacken the year round.

"Selling hada not only earns me profits but, more important, lets me do something useful for the local people, since hada is a necessity for almost all Tibetan rituals," he said.

Incense sticks also sell like hot cakes.

"My incense sticks give special fragrances, and are especially suitable for God," boasted one young Tibetan peasant trader from nearby Nyemo County.

Trading for him is a secondary occupation; his first is farming.

"I came here today by truck with about 30 others who are also engaged in selling incense," he said.

The others were conducting business elsewhere in the city, so as to spread out the competition.

'Inside Story' on Selection of 14th Dalai Lama
OW0806142888 Beijing XINHUA in English
0802 GMT 8 Jun 88

["Inside Story: Selection of the 14th Dalai Lama" — XINHUA headline]

[Text] Xining, June 8 (XINHUA) — The following is an inside story about the selection of the 14th Dalai Lama, now in exile in India, written by XINHUA correspondents after interviewing senior lamas, Buddhism researchers and public figures in China's Qinghai Province.

Death of 13th Dalai [subhead]

On October 13, 1933, the 13th Dalai Lama died in Lhasa, the Tibetan capital. Immediately after his death, the local government reported the news to the central government, then in Nanjing and ruled by the Kuomintang.

During this transitory period, Tibet's religious leaders and government officials proposed putting Living Buddha Razheng in charge of the region's political and religious affairs until the 14th Dalai Lama was selected and took power.

After approval by the Nanjing Government, Razheng had a tower commemorating the 13th Dalai Lama built and also began the search for the incarnation of the deceased Dalai Lama.

Before the search began, Razheng prayed beside a sacred lake in Tibet and saw a vision, which he described as a very large tree in front of a house, and under the tree a white horse and a woman holding a child.

He then asked a painter to recreate his vision in detail and dispatched three teams to search for the incarnation of the 13th Dalai Lama.

Search for Successor [subhead]

When the 13th Dalai Lama died, he was facing northeast, which suggested, according to Lamaist tradition, his incarnation would be found somewhere northeast of Lhasa.

Search parties set out to the northeast, and one group, during its search in Qinghai Province, happened to meet the Ninth Panchen Lama who was explaining Buddhist sutras to his followers.

Delighted, the group asked for his advice and the Panchen described the exact area and environment necessary for the birth of the incarnated child.

After several years, the teams found a four-year-old child named Lhamo Danzhub, in a rural Tibetan home in Qijiachuan's Hongyazigou Village near the city of Xining in Qinghai Province.

After the child's identity was confirmed by the Ninth Panchen Lama, the search team demanded he be sent to Lhasa. A Qinghai warlord named Ma Bufang tried to stop them by demanding 400,000 silver coins in ransom, recounted Ma Wending, then Ma Bufang's chief of staff who is now vice-chairman of the Standing Committee of the Qinghai Provincial People's Congress.

The Tibetan local government reported the problem to the central government in Nanjing, which cabled Ma Bufang, ordering him to escort Lhamo Danzhub to Tibet and paid him 100,000 silver coins to do the job.

The child and his family arrived in Lhasa in 1939 after a journey of several months, where a grand welcoming ceremony was held in the Jokhang Temple by local monks and seculars. At this ceremony he was given a title by the Nanjing Government which was 30 Chinese characters long.

Final Choice [subhead]

At almost the same time, each of the other two search parties located a Dalai Lama incarnate, so according to Lamaist tradition, the successor would be decided by drawing lots.

At this time Lamaism had long abandoned the previous hereditary system, under which the successor always came from a noble family. It was Qianlong (1736-1795), emperor of the Qing Dynasty, who introduced the current selection process because under the new system incarnates would be chosen from the masses.

Finding it hard to decide whether the drawing of lots should be carried out in this particular case, the Tibetan local government asked the central government for instructions.

In response, Nanjing sent a delegation headed by Wu Zhongxin, chairman of the Commission for Mongolian and Tibetan Affairs of the Kuomintang Government to help solve the problem.

When the delegation arrived, two of the three children had left the city. Razheng preferred Lhamo Danzhub from Qinghai who was clever and had been confirmed by the Panchen Lama.

Because the boy was widely accepted among the local people as the true incarnation, after further discussion it was decided the drawing of lots was not necessary.

On February 5, 1940, the Nanjing Government issued an order which confirmed Lhamo Danzhub as the 14th Dalai Lama.

Using 400,000 yuan allocated by Nanjing, the installation of the 14th Dalai Lama, presided over by Wu Zhongxin, was held in Potala Palace on February 22, 1940.

North Region

Hebei's Xing Chongzhi Receives Central Leaders
SK0906004488 Shijiazhuang HEBEI RIBAO
in Chinese 26 May 88 p 1

[Text] May 26 marks the 40th anniversary of moving the PLA headquarters and the party Central Committee to Xibaibo. Comrades Bo Yibo, Liu Lantao, Hu Qiaomu, Zhu Xuefan, Kang Keqing, and Yang Chenwu arrived respectively in the provincial capital yesterday and today to attend the commemorative activity on behalf of the party Central Committee.

On 26 May, 40 years ago, Comrade Mao Zedong led the PRC units to Xibaibo. That was the party Central Committee's last command post in the rural area before winning a complete victory in the national revolution. The party Central Committee held a series of important meetings here and worked out many major policy decisions to promote a victory in the national revolution. In order to do a good job in this commemorative activity, the provincial party committee has established an Organizing Committee. This will enable the provincial people to be educated in revolutionary traditions, inspire their revolutionary spirit, and promote our province to develop further its reform construction undertakings.

Also coming to our province to attend the commemorative activity are Chen Congying, wife of Ren Bishi; and Zhu Zhongli, wife of Wang Jiaxiang; and other comrades.

Receiving the central leaders at the railway station were leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, CPPCC Committee, and Military District, including Xing Chongzhi, Yue Qifeng, Yang Zejiang, Guo Zhi, Zhang Chao, and Xu Chunxing.

Inner Mongolia People's Congress Session Opens
SK0906030888 Hohhot NEI MENG GU RIBAO
in Chinese 26 May 88 p 1

[Excerpts] The first session of the seventh autonomous regional People's Congress opened ceremoniously in Hohhot on the morning of 25 May.

This session will elect a new autonomous regional People's Congress committee. During the 5-year term of the sixth autonomous regional People's Congress, from 1983 to the present, our region has implemented conscientiously the party's line, principles, and policies adopted since the 3d plenary session of the 11th party Central Committee, regarded economic construction as the central task, upheld the four cardinal principles, adhered to the principles of reform and opening up, and through the concerted efforts of the 20 million people of various nationalities, has achieved notable results in building the socialist material and spiritual civilizations, further consolidated the political situation of stability and unity, developed economic construction continuously, and improved the people's living standards. The 5-year term of the seventh autonomous regional People's Congress will be a key period for accomplishing the three short-range economic development goals set forth by the autonomous region, and for revitalizing Inner Mongolia. With the great trust placed by the people of various nationalities, the newly elected deputies to the seventh autonomous regional People's Congress have gathered in the green city to discuss and decide on the major policies for the autonomous region.

The executive members of the presidium of the session served as executive chairmen of the session on the morning of 25 May. They were Wang Qun, Batu Bagen, Bute Geqi, Seyinbayaer, Zhang Cangong, Xu Lingren, Bai Junqing, Liu Zhenyi, Sha Tuo, Qian Fenyong, Tian Congming, and Zhou Rongchang. [passage omitted]

Bu He, chairman of the autonomous region, delivered a government work report to the session amid warm applause.

Bu He's report is divided into three parts: 1) a review of the work of the past 5 years, 2) understanding correctly the situation of our region, and further clarifying the strategic guiding principles for economic and social development, and 3) opinions on the major work tasks for the next 5 years. [passage omitted]

Other leading comrades from the various fields of the autonomous region, who were seated on the rostrum, were Cai Ying, Wen Jing, Liu Yunshan, Wang Duo, Lin Weiran, Shen Xinfu, Ke Ligeng, Hao Xiushan, He Yao, Zhou Beifeng, Chao Luomeng, Liu Zuohui, Zhao Zhihong, Pei Yingwu, Alatan Aoqier, Li Guibin, Shi Shengrong, Wu Ligeng, Han Ming, Li Shuyuan, Baoyan Batu, Yun Zhaoguang, and Yang Alai.

Ting Mao, member of the Central Advisory Commission; Kong Fe, Standing Committee member of the National CPPCC Committee; Qinggeltai, Standing Committee member of the NPC; Gao Zengpei and Peng Sike, veteran comrades who have worked in Inner Mongolia for a long time; Hu Zhongda and Lan Qianfu, responsible persons of democratic parties; and other members of the Presidium were also seated on the rostrum.

All the members to the first session of the sixth autonomous regional CPPCC Committee attended as nonvoting delegates. Responsible comrades of the various departments, committees, offices, sections, and bureaus of the autonomous region also attended as nonvoting delegates.

After the opening ceremony, leading comrades of the autonomous regional party, government, and army units and the participating deputies of various nationalities had a commemorative group picture taken.

Shanxi Vice Governor Reviews Agricultural Issues
HK0906030788 Taiyuan SHANXI RIBAO
in Chinese 31 May 88 p 1

[Report: "Guo Yuhuai Reports on Current State of Agricultural Production at Third Meeting of Seventh Provincial People's Congress Standing Committee"]

[Excerpts] The third meeting of the Seventh Shanxi Provincial People's Congress Standing Committee held its second full session yesterday morning. Vice Governor Guo Yuhuai delivered a "Report on the Current State of Agricultural Production in the Province." [passage omitted]

He said that, at present, the main problems in Shanxi's agricultural production are: First, although the province has had some rain recently, there still is a serious lack of soil moisture due to the previous 3 successive years of drought; a drought situation will reappear unless we get a soaking rain. Therefore, drought is the main threat to agricultural production this year, and we must absolutely not be slack in this regard. Second, agricultural production materials are still in short supply, with big shortfalls in nitrogenous and phosphatic fertilizer. Prices are rising and supplies remain strained for plastic sheeting and pesticides, despite a ready market, because of the resources situation and the international market. It seems that it will not be possible to resolve these problems completely for a time. Third, according to reports

from various areas such as Luliang, Yanbei, Jinzhong, Xinzhou, and Changzhi at the beginning of the year, the peasants still had some grain awaiting sales (mainly maize and sorghum).

Guo Yuhuai said that, to win a bumper harvest this year, the provincial government has decided to get a good grasp of the following tasks at present: First, mobilize the masses vigorously to do a good job in summer farmwork. Second, do everything possible to improve the production and supply of agricultural production materials. Third, persevere in invigorating dryland crop cultivation. We must work ceaselessly to carry out water conservancy construction work.

Discussing ideas on arranging the work of supporting poor areas this year and next, Guo Yuhuai said that the provincial government has decided as follows: To formally remove the poor county label from poor counties that have solved their food and clothing problem ahead of schedule, while at the same time allowing these counties to continue to enjoy preferential policies. Support for economic development projects there will be extended for 1 year in 1990. Counties that have been unable to resolve their food and clothing problems on schedule after 5 years of concentrated support will no longer enjoy preferential policies after 1989. These new reward and penalty measures are bound to encourage competition and speed up the pace of extricating poor areas from poverty. [passage omitted]

Shanxi Accelerates Aluminium Plant Construction
HK0806135788 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Taiyuan (CEI)—Shanxi is accelerating the construction of a number of aluminium plants in Taiyuan, Xiezhou, Yangquan, and Xiaoyi Cities in order to develop aluminium as its backbone industry.

Shanxi Province has proved reserves of 820 million tons of bauxite, making up half of the total in China. The province is also rich in coal. It is expected that by 2000, Shanxi will have the capacity of producing five million tons of bauxite, 2.4 million tons of aluminium oxide, 750,000 tons of electrolytic aluminium, and 250,000 tons of aluminium products a year. Then the province will be China's key aluminium industry base.

Tianjin's Gross Industrial Output Increases
HK0806153188 Beijing CEI Database in English
8 Jun 88

[Text] Tianjin (CEI)—Tianjin's gross industrial output last month was 11 percent higher than in May last year.

Industries produced 3.137 billion yuan worth of goods bringing their total output for the first five months of the year to 14.375 billion yuan, an increase of 10.8 percent over the same period last year.

A municipal official said the industrial output value of municipal enterprises rose by 6.5 percent in the first five months while that of collective businesses jumped 15.3 percent.

Light industrial output over the period totalled 7.876 billion, up 12.8 percent; heavy industrial output reached 6.499 billion yuan, up 8.5 percent.

Tianjin's Li Ruihuan at Government Meeting
SK0906030988 *Tianjin City Service in Mandarin*
2330 GMT 23 May 88

[Text] The new municipal government held its first meeting on routing work on the afternoon of 23 May. Mayor Li Ruihuan pointed out that the new government should have a new atmosphere and expertise and should create new achievements. Li Ruihuan presided over the meeting.

Present at the meeting were Vice Mayor Nie Bichu; adviser Mao Changwu; Vice Mayors Zhang Lichang, Li Changxing, Lu Huansheng, Li Huifen, Li Zhendong, Zhang Zhaoruo, and Qian Qiao; and the secretary general of the municipal government. Attending as observers were deputy secretaries general of the municipal government and responsible persons of the General Office, the Research Office, and the Advisory Commission of the municipal government.

The meeting defined the division of work assigned to the mayor and vice mayors; adopted in principal the draft decision of the municipal government on improving the workstyle of leadership, which will be submitted for discussion and approval to the first plenary session of the municipal government; and made arrangements and disposition for the current work.

Mayor Li spoke at the meeting. He said: The current sessions of the municipal People's Congress and CPPCC Committee were truly democratic, lively, united, and encouraging. Our major tasks now are: In line with the demands of the resolutions of the municipal People's Congress session, we should put reform at the center of all our undertakings, implement conscientiously the various tasks set forth by the government work report, and lose no time in pushing forward work in all fields.

In addition, he put forward some points of hope for the new leading body of the municipal government. First, we should emancipate our minds, be bold in doing our work, persist in reform, and pioneer the road of advance. At the same time, we should map out feasible work plans and suggestions and give play to the leading role as early as possible in light of reality and in line with the major principles set forth by the municipal government work report.

Second, we should be diligent in our studies and work without any slack. All comrades should always rid themselves of complacency and work ceaselessly. Tianjin has gained many experiences in its work over the past few years. Of them, a very important one is diligence. Talent comes from diligence, and diligence can make up for one's shortcomings. So long as we are diligent and conscientious in our work, we will be able to achieve something. In stressing diligence, we must be ideologically painstaking. In particular, those comrades who are relatively young should frequently think over something and write articles themselves.

Third, we should be honest and impartial in performing our duties and handling affairs, and be strict with ourselves in speech and deportment. We should first conduct ourselves well and then guide our wives, children, and secretaries to do so. We should treasure the heavy trust placed on us by the party and the masses, should handle affairs in a just and impartial manner, and should be generous to others.

Fourth, we should cultivate a sense of wholeheartedly serving the people and master the work method of believing in and relying on the masses. The mass line is our basic line and our most fundamental work method. We should believe in and rely on the masses genuinely and sincerely so as to mobilize the initiative of the masses to a maximum extent and give play to their initiative in a reasonable manner.

Fifth, we should be conscientious in reading books with a view toward improving constantly our theoretical expertise. It is very difficult for us to do our work well without a certain degree of understanding of Marxist theory. We should cultivate the good habits of reading books, conducting studies, and summing up experiences. Whether a young comrade has a bright future depends primarily on his determination in study. We should strive to study the basic theory of Marxism, and philosophy in particular. We should persist in the principle of integrating theory with practice and use theory to guide practice in order to constantly acquire a strong sense of adhering to principles in work and obtain foresight and creativity.

Sixth, we should strengthen unity and support each other. Shouldering the expectations of the people, we meet together to fulfill a common goal. Therefore, friendship and understanding should be put above all else.

In doing our work, we must treat each other with sincerity, show utter devotion to each other, and support and help each other in order to better exploit the role of colony.

We should uphold principles, refrain from making remarks which are unfavorable to unity, and restrain from doing things which are harmful to unity, so that our body will become united and diligent. I believe that so

long as we work hard with one heart and one mind, Tianjin will have a bright future. At present, the general situation of our municipality is very good.

On the crest of the victory of the current session of the municipal People's Congress, we should make a greater effort to push the municipal work to a new stage.

Tianjin's Li Ruihuan Attends Memorial Meeting
SK0906011888 Tianjin City Service in Mandarin
2330 GMT 28 May 88

[Excerpt] On the morning of 28 May, at the (Haikoulu) Funeral Parlor, a memorial meeting was held for Comrade Wang Peiren, a faithful communist fighter, an excellent member of the CPC, former vice chairman of the Tianjin Municipal Advisory Commission, former vice chairman of the Standing Committee of the Tianjin Municipal People's Congress, and a retired cadre. Comrade Wang Peiren died in Tianjin on 8 May at the age of 72.

Wan Li, Hu Qili, and Huang Huoqing sent wreaths to the meeting. Attending the meeting were leading comrades Li Ruihuan, Wu Zhen, Yang Dakai, Zhang Zaiwang, Hao Tianyi, Tan Shaowen, Nie Bichu, and Liu Jinfeng; responsible persons of various departments and offices of the municipal party committee, Advisory Commission, People's Congress Standing Committee, and government; responsible persons of various people's groups; responsible persons of various districts, counties, and bureaus; and friends of Comrade Wang Peiren before his death. All together there were over 300 persons. Wu Zhen, chairman of the municipal People's Congress Standing Committee, presided over the memorial meeting; and Liu Jinfeng, deputy secretary of the municipal party committee, delivered a memorial speech. [passage omitted]

Northeast Region

Sun Weiben Reelected Heilongjiang Party Secretary
SK0906011288 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 6 Jun 88

[Text] At the first plenary meeting of the provincial party committee on 6 May, Comrade Sun Weiben was elected secretary of the provincial party committee; and Hou Jie, Zhou Wenhua, and Wang Haiyan, deputy secretaries.

Comrade Sun Weiben presided over the meeting. Forty-four members of the provincial party committee attended the meeting. All members of the provincial Advisory and Discipline Inspection Commissions attended the meeting as observers.

Following the approval of the electoral method at the meeting, the participants held elections by secret ballot.

The newly elected members of the Standing Committee of the Sixth Heilongjiang Provincial CPC Committee are listed as follows in the order of the number of strokes in

their surnames: (Ma Deliang), Ma Chunwa, Wang Haiyan, Sun Weiben, Li Genshen, Chen Yunlin, Zhou Wenhua, Hou Jie, Xu Guiyuan, and Xie Yong.

Comrade Sun Weiben was elected secretary of the provincial party committee. Comrades Hou Jie, Zhou Wenhua, and Wang Haiyan, were elected deputy secretaries of the provincial party committee.

Through discussion and examination, the meeting approved the election of the Standing Committee members, chairman, and vice chairman of the provincial Advisory Commission. The newly elected Standing Committee members of the provincial Advisory Commission are listed as follows in the order of the number of strokes in their surnames: (Wang Qinghua), Wang Luming, (Ba Feng), (Xiao Jie), Zhang Xiangling, and Huo Fangxia. Wang Luming was elected chairman, and Zhang Xiangling, vice chairman.

Through discussion and examination, the meeting approved the election of the Standing Committee members, secretary, and deputy secretaries of the provincial Discipline Inspection Commission. The newly elected Standing Committee members of the provincial Discipline Inspection Commission are listed as follows in the order of the number of strokes in their surnames: (Xu Zhongren), Sun Lianju, (Li Tanglin), (Ding Xiaozhen), (Zhou Xiaofeng), and Xie Yong. Xie Yong was elected secretary, and (Ding Xiaozhen) and Sun Lianju, deputy secretaries.

Through discussion and examination, the meeting also adopted the regulations for the work of the sixth Heilongjiang provincial party committee.

Sun Weiben, newly elected secretary of the provincial party committee, made a speech at the meeting. He said: The sixth provincial party committee is confronted with a new, arduous test. The problems concerning price changes, the high proportion of unitary mandatory planning, goods prices, and wages, that can produce the greatest impact on the province's development, must be solved in the course of deepening reform in the next 5 years. The solution to these problems is a matter which we have longed for. However, there are great difficulties in solving these problems. We must take certain risks. Now, we are faced with an extremely arduous task. If the situation of poor economic results, particularly, the industrial enterprises' low economic results, is not changed as soon as possible or once the goods price and wage reforms take effect, we will be faced with tremendous pressure. We must not only make mental preparations for taking risks but also do our best to reduce the degree of risks to the minimum. Therefore, the people from higher to lower levels throughout the province should go into action, use the current favorable opportunities and conditions, and mobilize all positive factors to develop production, raise economic results, and rapidly enhance the province's economic strength to withstand the price and wage reforms.

Bidding Opens on Jilin Power Plant Project
OW0806142588 Beijing XINHUA in English
1436 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — A major power plant fuel conversion project opened to public bidding in Beijing today.

Companies from Federal Germany, Italy, Denmark and China are bidding on the project at the Changshan power plant, 200 kilometers from Changchun, capital of Jilin Province in northeast China.

The work will involve converting the power plant, the second largest serving the city, to coal instead of costly heavy oil.

Harbin boiler works, in cooperation with Italy's Ausaldo, appeared to have the most competitive bid on the project, which an official of China International Tendering Company said is to be completed by [word indistinct].

The Asian Development Bank has provided a loan of 33 million US dollars for the conversion. It is the first time China has made use of a loan from the bank for its domestic construction.

Liaoning Center Aids Foreign Investment
HK0806143788 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Shenyang (CEI)—A service center especially meeting the needs of foreign investors has been set up in Shenyang recently.

The center can help arrange economic cooperation projects between Chinese and foreign firms and provide detailed introductions to laws, regulations, and investment climate and fees for doing business in China and in foreign countries. It also provides professional services including accounting, auditing, legal procedures involved in foreign trade.

It also helps foreign investors hire engineers, technicians, managers, building workers, accountants, auditors and other workers, and solve legal problems and other difficulties during their operation.

In the past, foreign investors had to go through more than 20 departments to get approval of their projects. Now they only have to come to this single building and everything will be taken care of.

Private Enterprise Growth in Liaoning's Capital
HK0806142788 Beijing CEI Database in English
8 Jun 88

[China Economic Information (CEI) Database]

[Text] Shenyang (CEI)—Shenyang, capital of northeastern China's Liaoning Province, has 2103 private enterprises with a total work force of more than 31,000 by the end of May, according to official statistics.

This figure includes only those hiring more than eight workers.

Shenyang's private enterprises can be classified into four categories:

Wholly-owned private enterprises whose assets are mainly financed by individuals or family members;

Joint enterprises whose assets are financed by partner's shares and headed by those who own the most shares of the enterprises. For these, decisions of production, management and distribution are made collectively by representatives of shareholders.

Private enterprises in form of collectives.

State or collective owned small enterprises transferred to private owners.

About 95 percent of these private enterprises are located in the suburbs of Shenyang. Most of them have originated from big self-employed businesses and are mainly engaged in handicraft, industry, construction, transportation, commerce, restaurant and repair services.

Northwest Region

Ningxia Minorities Fill More Cadre Positions
OW0806184688 Beijing XINHUA in English
1400 GMT 7 Jun 88

[Text] Yinchuan, June 7 (XINHUA) — Ethnic minorities are taking over an increasing percentage of cadre positions in northwest China's Ningxia Hui Autonomous Region.

Huis or Muslims now occupy 14.5 percent of all cadre positions, up from 11.2 percent in 1979.

But despite the increase, Hui cadres are still not in proportion to their population. Peng Chenyi, deputy director of the region's Personnel Affairs Department, said today.

Huis make up one-third of the region's 4.35 million people.

Peng said efforts are being made to correct the imbalance with authorities at various levels, giving preference in promoting and training cadres of ethnic groups such as Hui, Uygur, Kazak, Dongxiang, Mongolian, and Korean.

Now 19 of the 39 regional level officials and all the mayors and magistrates of the cities and counties where Hui people concentrate are of Hui nationality.

More than 90 percent of new cadres have completed at least middle school education. Some have graduated from secondary professional schools and some are college grads.

The region spends 1 million yuan (270,000 U.S. dollars) each year to send cadres of minorities groups to universities and colleges.

Qinghai Leader Stresses Promoting Reform
*HK0906042888 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 7 Jun 88*

[Excerpts] During his inspection tour of Minhe Autonomous County of Hui and Huzhu nationalities in early June this year, Yin Kesheng, secretary of the provincial party committee, made an encouraging statement to the cadres and people throughout the country. He said: You must further emancipate the mind, develop commodity production energetically, and carry out successfully the support-the-poor work. [passage omitted]

In his speech at a Minhe County meeting of cadres held in (Changkou) Town in the afternoon of 2 June, Comrade Yin Kesheng said: Cadres at all levels must free their minds of apprehensions in three aspects.

First, getting rid of the fear of developing too many individually operated economic undertakings. Our province is now very backward in every field. We still cannot quickly develop large factories and mines. Therefore, we must start with developing small factories and mines, and support energetically the development of individually operated economic undertakings. [passage omitted]

Second, getting rid of the fear that policies may be changed. We must make clear to the masses the country's long-term policies for reform, opening up, and reinvigorating the economy, pay attention to solving new problems in promoting reform, and promote economy boldly and with confidence.

Third, getting rid of the fear of being put at a disadvantage as a partner in joint ventures and associated operations. We must be bold in taking risks in reform, and be farsighted.

Comrade Yin Kesheng added: Cadres at all levels must continue to promote the support-the-poor work. [passage omitted]

Taiwanese Investors To Get Preferential Treatment
OW0806141188 Beijing in Mandarin to Taiwan
0420 GMT 3 Jun 88

[From the "Our Motherland" program]

[Excerpts] Dear listeners, as the international economic situation changes, some enterprises in Taiwan have begun to shift their operations to other places. Many businessmen on the island have set their sights on the other side of the strait.

Indeed, I think that there are many advantages for Taiwan compatriots to invest in manufacturing industries on the mainland. The government of the motherland encourages Taiwan compatriots to invest in the mainland, and has formulated various favorable policies for the convenience of Taiwan compatriots. For example, 15 ports in Fujian Province and 4 in Jiangsu Province have already been opened to Taiwan compatriots. They are Fujian's Qinyu, Sansha, Songxia, Dongao, Xiuyu, Puxi, Meizhou, Chongwu, Houtu, Yongning, Shatuwei, Jiuzhen, Chengguan of Dongshan County, Gongkou, and Mawei; and Jiangsu's Lianyungang, Dayanggong, Xinyanggang, and Huangshagang.

Taiwan compatriots arriving in these ports by ship from Taiwan, the Penghu Islands, or Jinmen Island may apply to the local Frontier Defense Department for a Taiwan Compatriot Tourist Visa using their valid documents. No other formalities are required. [passage omitted]

Recently, Mr He Chunlin, director of the State Council's Special Economic Zones Office, wrote an article explaining the various favorable policies offered by special economic zones to Taiwan investors. The following is a brief introduction to these policies:

Dear listeners, Mr He Chunlin is a senior official in charge of the mainland's special economic zones. He said: Taiwan investors may set up fully owned enterprises, they may set up jointly invested or cooperative enterprises with mainland enterprises, or they may invest in the development of other economic and social projects in the four major special economic zones, i.e., Shenzhen, Zhuhai, Shantou, and Xiamen. Income from their businesses and other sources will be taxed at just 15 percent of the regular tax rate. Another 10 percent of the taxes due will be levied as local income tax. In addition to these, a series of regulations on paying taxes at reduced rates and on tax exemptions have been announced. Equipment, raw materials, parts, replacements, and other materials for business purposes, as well as daily necessities for personal use, can be imported on easy terms, and are not subject to import duty and [words indistinct] unified business tax.

With the exception of crude oil, refined oil products, and a few categories of other products specified by the government, all export products are exempt from export duty. All Taiwan compatriots with a Taiwan Compatriot Tourist Visa or other valid travel documents are allowed

to enter the special economic zones. Those who need to stay for a longer period in the special economic zones for business purposes may apply for a multiple entry permit for convenience sake.

Dear listeners, Director He Chunlin pointed out specifically: The government gives full protection to the interests of investors. Investors' investments are not to be requisitioned. In case they have to be requisitioned for the sake of public interest, investors will be given reasonable compensation. Profits and other legal income earned by investors in special economic zones may be remitted to foreign countries at any time, and are exempt from income tax. If a Taiwan investor does not have any business establishments on the mainland, but has dividends, interests, rents, franchise fees, or other income from special economic zones, he or she will have to pay income tax at 10 percent of the regular rate. Foreign exchange earned by enterprises invested by Taiwan compatriots can be kept in cash form, and is at the disposal of the enterprises. [passage omitted]

Dear listeners, at the end of this program, I would like to briefly introduce Zhejiang Province's policies on investment by Taiwan compatriots. These policies specify that Taiwan investors can come and leave freely, have freedom in making investments, and that their capital and profits can be remitted out freely. They may set up jointly invested enterprises, cooperative enterprises, or fully owned enterprises; or they may engage in compensation trade, processing of imported materials, making products according to imported samples, assembling of imported parts, or leasing of production equipment. They are allowed to purchase the properties, stocks, and bonds of government-owned, collective-owned, and private enterprises. They can also contract through bidding to run government-owned, collective-owned, and private enterprises, or operate them on a leased basis.

In addition, the province offers greater preferential treatment to Taiwan investors than to foreign investors. For example, Taiwan investors' business operations are not subject to any time limit, and the period of operations of jointly invested and cooperative enterprises is to be decided by investors. With the approval of departments concerned, investment in projects badly needed by the government, knowledge-intensive projects, projects requiring advanced technologies, projects engaging in developing new products, and investment in mountainous areas are subject to only 50 percent of the regular income tax rate after the period of tax-exemption or paying tax at reduced rates has expired. Taiwan compatriots investing or engaging in other business activities in Zhejiang Province enjoy the same treatment given to mainland compatriots in purchasing plane and train tickets, and in paying accommodation expenses. [passage omitted]

Radio Calls For More Open Visitors Policy

*OW0906014588 Beijing in Mandarin to Taiwan
0205 GMT 4 Jun 88*

[From "Rambling Talks on State Affairs Program" by
(Liu Yan)]

[Excerpts] Taiwan listeners, friends, it has been six months since the Taiwan authorities began allowing people to visit their relatives on the mainland. In the last 6 months, both compatriots in China and overseas, despite different political beliefs, have generally welcomed and positively affirmed Taiwan's decision to allow people to visit their relatives on the mainland. [passage omitted]

Taiwan authorities said that after a 6-month period Taiwan would make a comprehensive review and evaluation of the problem of allowing people to visit relatives on the mainland; and the new decision will be followed up after finishing review and evaluation. Now the 6-month period has elapsed. People are hoping that the Taiwan authorities will, after summing up the experiences, eliminate reservations; and with strengthened confidence, further do away with various restrictions on family visits and allow compatriots from both sides of the strait to freely exchange family visits and sightseeing. [passage omitted]

Listeners and friends, the Taiwan authorities said the lifting of the ban on mainland visits was purely out of humanitarian considerations. As I have said above, when the Taiwan authorities allowed some people to visit their relatives on the mainland, they imposed restrictions and attached strings of conditions to the family visits, which in no way satisfy the wishes of the people. A good beginning, to be sure, but not humanitarian enough. For example, not all people are allowed to visit their families on the mainland. There are professional restrictions and restrictions on degree of kinship. In addition, people are allowed to visit their relatives, but not to sightsee. People from Taiwan are allowed to visit relatives on the mainland, but people from the mainland are not allowed to visit their relatives on Taiwan. All these restrictions are unreasonable. We hope the Taiwan authorities will abolish these restrictions when reviewing and evaluating the family visit policy of the past 6 months to facilitate the free flow of people from both sides of the strait. [passage omitted]

More and more people are against the three no's policy formulated by the Taiwan authorities several years ago. The Taiwan authorities themselves realized the inappropriateness of this policy. They therefore made some corrections to that policy when they actually implemented the policy. However, to save face, they still cling to the three no's policy when it comes to the general guiding principle.

President Li Supports 'Three No's' Policy
*OW0806143388 Taipei CNA in English 0255 GMT
8 Jun 88*

[Text] Taipei June 8 (CNA) — President Li Teng-hui said Tuesday that, in view of the current situation, the Republic of China [ROC] Government's "Three No's" policy is a most effective weapon against the Chinese Communists' united front tactics.

The "No Contacts, No Negotiations, No Compromise" policy, however, is only a part, but not all, of current mainland policy, President Li said while receiving three U.S. scholars at the Presidential Office.

The U.S. scholars included Hay Cline, chairman of the U.S. Global Strategy Council; Leng Shu-chuan, chairman of the University of Virginia's Asian Studies Committee; and Ramon H. Oyers, curator-scholar of Stanford University's Hoover Institution on War, Revolution, and Peace. They are in Taipei to attend the 17th Sino-American Conference on Mainland Affairs, being held from June 6, under the auspices of National Chengchi University's Institute of International Relations.

President Li told the scholars that, while it firmly insists on the "Three No's" policy, the ROC Government will launch political counterattacks at any time to take advantage of its own human resources and economic power.

Some foreign scholars, Li said, have viewed mainland problems from a biased point of view and then criticized the ROC Government's "Three No's" policy. The President said this occurred because of their misunderstanding of the current mainland situation.

President Li cited a story of support his assertion. He said he had received a photo of the late president Chiang Ching-kuo from a veteran who recently returned to Taiwan from a mainland visit. The ragged photo, which was airlifted to the mainland, had been treasured by a Chinese Communist cadre for over 10 years.

The veteran said in his letter to the President that photos of the late presidents Chiang Kai-shek and Chiang Ching-kuo are banned in public places on the mainland but the photo fully demonstrates that the people of the mainland remain enthusiastic supporters of the ROC Government and that the Chinese Communists tightly control its mass media and people, Li added.

In answering questions about "Taiwan independence" that were posed by the scholars, President Li said although he is a native of Taiwan, he has never thought Taiwan should become independent, no matter whether from cultural and historical points of view or the present situation.

Relaxation of Mainland Trade Policy Considered
*OW0906004988 Taipei CHUNG KUO SHIH PAO
in Chinese 31 May 88 p 1*

[Text] Economic and trade decisionmaking units are considering further readjusting and relaxing our restrictive economic and trade measures toward Mainland China. To cope with the development of economic and trade relations between the two sides of the strait, relevant units of the Ministry of Economic Affairs will further study and relax lists of agricultural and industrial raw materials that can be imported from the mainland. They also recommend that decisionmaking units ease regulations so that international commercial vessels may sail directly between the two sides of the strait and berth at Taiwan ports.

The above relaxation measures, worked out by the Ministry of Economic Affairs, are now being reviewed by the ministry's subordinate units. They are expected to be completed soon and will be submitted to the Li Hsing (0500 5887) group of the Executive Yuan for approval.

The main background for the decision of the Ministry of Economic Affairs to study allowing vessels to ply directly between the two sides of the strait is: According to frequent reflections of many shipping companies, the government's current restrictive measures, which forbid international commercial vessels from sailing directly to the mainland, are impractical; they indirectly increase transport charges of domestic manufacturers and hurt the competitiveness of our businesses in the international market.

An authoritative economic and trade official pointed out: Relevant departments of the Ministry of Economic Affairs attach great importance to views reflected by shipping companies and local export companies. Therefore, the ministry maintained that it is necessary to immediately revise the restriction on directly sailing to the mainland when it recently made an internal review on relaxation of economic and trade measures toward the mainland. At the same time, in complying with businesses' request to further expand lists of importable farming and industrial raw materials from the mainland and to increase the opportunities for the businesses to buy cheaper agricultural and industrial raw materials, the Ministry of the Economic Affairs had also recently instructed the Board of International Trade and other relevant units to conduct further review and analysis of the lists suggested by the businesses, compile the lists of raw materials, and submit these to the Li Hsing group for final approval.

Commentary Views Policy on Visits to Mainland
*OW0806162888 Taipei Domestic Service in Mandarin
2300 GMT 3 Jun 88*

[Station commentary: "The Government Has Further Relaxed Policy on Visiting the Mainland"]

[Text] Since the government's 2 November decision to permit people to visit their relatives on the mainland based on humanitarian need, more than half a year has

elapsed. The Executive Yuan yesterday held a meeting to review and evaluate in an overall way the policy of permitting people to visit the mainland 6 months after the implementation of the policy. At the meeting, participants extensively discussed various problems following the implementation of the policy and put forward a three-point resolution.

First, the frequency of visits will be limited to once a year and each visit will be limited to 3 months.

Second, in view of the opinion of the society and the actual situation, relatives will be extended to include cousins.

Third, in order to enable people to obtain a visa from Hong Kong for their visit to the mainland, the duration of validity of exit and entry permits will be extended to 1 year.

Yesterday's meeting was to study exclusively the question on visiting relatives on the mainland. Economic, transportation, educational, cultural, judicial, and other issues will be discussed at separate meetings. Yesterday's meeting was the first formal meeting to review the government's policy on permitting people to visit their relatives. It has decided to relax the qualifications for relatives to be visited and to extend the duration of validity of exit and entry permits. It can be interpreted that the policy is leading to gradual relaxation. The policy also has taken both national security and humanitarian reasons into consideration.

We all know that following the government's policy of permitting people to visit their relatives on the mainland, the people have the opportunity to personally see the actual situation on the mainland, and, as a result, all the more have strengthened their sense of anticommunism and rallying around the government. It can be said that the policy has more advantages than disadvantages. As of 28 May this year, more than 96,000 people have visited the mainland since the people have been allowed to visit their relatives on the mainland. We are convinced that they have brought into Mainland China information about Taiwan's freedom and progress. This will surely create a great impact on compatriots in Mainland China.

Compatriots in Mainland China will, through visitors from Taiwan, even more clearly know about Taiwan region's good life and prosperity and see through the dictatorship of Chinese Communists and the closed society on the mainland. The majority of people on Taiwan affirm the policy of permitting people to visit the mainland because of those positive factors. Today, the government has further relaxed the limits on visiting relatives and extended the duration of validity of exit and entry permits. We believe that this is a wise decision and will make the policy of permitting people to visit the mainland more realistic and meet the demands of the people.

However, while people are permitted to visit their relatives on the mainland, we must not overlook the fact that we and the Chinese Communists are still in a state of hostility. The Chinese Communists have always attempted to grab Taiwan. This is a fact known to everyone. This is also the reason why the government must be very careful in formulating its mainland policy. We must not allow our wishful thinking to let us fall into the trap of our enemies. We must take an appropriate and firm attitude to cooperate with the government's far-sighted overall policy toward the mainland. We hope that the next meeting to review policy on permitting people to visit their relatives on the mainland will extensively solicit opinions from scholars, experts, and those who have personally visited their relatives on the mainland in the course of formulating new policies or revising the present policy. We should let the mass media report the discussions in a widespread manner. The wide range of opinions expressed by the people can be used as reference by the government in deciding the next step in its mainland policy.

Commentary Urges Policy Review

OW0806152388 Taipei Domestic Service in Mandarin
2300 GMT 5 Jun 88

[Station commentary: "The 13th Congress of the Ruling Party Should Take A Comprehensive Approach in Formulating Policy Toward the Mainland"]

[Text] A few days ago, the Executive Yuan's task force on the policy of visiting relatives on the mainland decided to further relax restrictions on family visits to the mainland by allowing visits to relatives on the mother's side of the family, and extending the term of validity of entry-exit permits to 1 year. The original plan to lift restrictions on some civil servants' family visits to the mainland was put off for the time being because some members of the group considered the objectives of the policy toward the mainland as not being clear yet.

In addition to reviewing the policy on family visits, the group originally planned to discuss various other aspects of the policy toward the mainland, including economy, culture, education, transportation, legal matters, and news coverage, but did not discuss these topics for the same reason mentioned above.

In the past few days President Li Teng-hui repeatedly reaffirmed that the government's "three no's" policy of no contacts, no negotiations, and no compromise toward the Chinese Communists would be upheld in view of the Chinese Communists' beefed-up united front tactics vis-a-vis Taiwan. Obviously, in the foreseeable future, the government will hold on to its consistent stand, which has remained unchanged, and will not have contacts of any kind with the Chinese Communist regime.

However, family visits and nongovernmental exchanges have created complicated changes and effects because exchanges between any two places can never be limited

to the level of family visits. Moreover, Taiwan and the mainland are bound by profound national feelings. The lifting of restrictions on family visits has brought about problems in trade; cultural, educational, and sports exchanges; news coverage; legal matters, and so on between the two sides of the Taiwan Strait. The government should define the policy and objectives clearly in order to handle these problems with satisfaction.

On the political level, we regard the "three no's" policy as the highest guideline in the present policy toward the mainland. However, it will not solve the problem of nonpolitical exchanges between the two sides of the strait. We realize that public opinions at home now tend toward freedom and liberalization. In Taiwan, which is well-known throughout the world for the economic miracle it has wrought, there is a common desire to conduct trade exchanges and take business risks, although some businessmen who did business with the mainland were sentenced to prison terms a few days ago on charges of aiding the communist bandits.

On the other hand, the government has allowed indirect trade and import of some raw materials. Sometimes it is hard to determine the criteria for what constitutes direct and what indirect trade. People are at a loss when they are without a definite policy to guide them.

We know that the government cannot ignore this problem and take a passive and conservative attitude. The way it handled the mainland issue in the past year or so left much to be desired. Therefore, the upcoming 13th congress of the ruling party should not only present a blueprint for handling state affairs in future, but also reach out realistically to the people when formulating the

policy toward the mainland, reflect their needs, and make a farsighted and creative breakthrough while ensuring state security and social stability.

In other words, a specific and clearly defined policy toward the mainland is needed to serve as a frame of reference so that government departments can in future make and implement policies and laws in line with it. By so doing we can avoid the embarrassing situation whereby different departments set different policies and none of them is responsible for those policies.

We think that it is still possible to further relax the existing policy on family visits, because defining the degree of closeness of relationships among family members has no practical meaning. Moreover, banning all government employees and public school teachers from visiting their relatives on the mainland under the pretext of state security does not seem fair.

We favor multitiered nongovernmental exchanges with the mainland within the confines of law, because only when the people of both sides of the strait come into contact with each other can we do away with the falsehood of the Chinese Communists' united front ploy, and truly propagate the democratic ideals of the Three Principles of the People.

We sincerely suggest that the 13th congress of the ruling party formulate a mainland policy that is devoid of the conservatism and passivity which characterized policies in the past, keep in touch with popular sentiment, adopt a positive attitude, and break with from the past conventions, so that the new policy will appeal to popular sentiment.

Hong Kong

UK's Howe Gives Assurance on Basic Law
HK0906043388 Hong Kong SOUTH CHINA MORNING POST in English 9 Jun 88 pp 1, 2

[By POST correspondent David Wallen in London]

[Text] British Foreign Secretary Geoffrey Howe last night insisted the British Government would make its views known to Beijing "clearly and firmly" if the Basic Law appeared to be inconsistent with the 1984 Joint Declaration between the countries.

At the same time he played down the effects of the "brain drain" of professionals leaving the territory, stressing instead the importance of the number of people returning to Hong Kong.

Sir Geoffrey was speaking in the House of Commons in his first appearance since his return from Hong Kong and a visit to New York, where he met the Vietnamese Foreign Minister, Mr Nguyen Co Thach, on the subject of refugees.

He reminded China to make sure the Basic Law fulfilled the "precise commitments" of the Joint Declaration.

He revealed that he had made the same point to the Chinese Foreign Minister, Mr Qian Qichen, when he met him in New York on Tuesday.

"I made clear as you well know that it is very important for the Basic Law, which is not the subject of consultation for a five-month period, to fulfil the precise commitments which were so important in the Joint Declaration signed by both countries," he told MPs.

"We will continue to stress the importance of that in the many opportunities open to us. The drafting of the Basic Law is the responsibility of the Chinese Government. If there are points which we consider are inconsistent with the Joint Declaration, we will make our views known to the Chinese authorities clearly and firmly."

Sir Geoffrey said he was aware that there had been an increase in emigration from Hong Kong, "not least because of increased opportunities in some of the recipient countries".

"But there are also a large number of people returning to Hong Kong, and I am sure that it is important for them to be regarded as an important factor in confidence in the territory," he said.

Former Foreign Office Minister Sir Peter Blaker, the chairman of the British-Hong Kong Parliamentary Group, said it would be surprising if, in any first draft, there were not parts that needed changing.

But he added: "The very wide consultation which the Chinese authorities have arranged regarding the draft Basic Law both before its publication and since, is an indication of the desire of the Chinese authorities that the final Basic Law shall correspond to the Joint Declaration and shall be acceptable to the people of Hong Kong as a whole."

Sir Geoffrey replied that the Basic Law, as published, was itself a very substantial document with several important options on some of the key points.

Labour's Dr Jeremy Bray argued that the draft departed in important respects from the Joint Declaration.

He cited the autonomy of the Special Administrative Region and the powers of the Hong Kong courts to determine the legitimacy of legislation.

He said Sir Geoffrey's position had been undermined by his statement in Hong Kong that "full democracy is not for Hong Kong."

Sir Geoffrey denied he had said that. "What I said was that at the time of the original commitment in the course of our negotiations for the Joint Declaration, when we secured a commitment to an elected legislative authority there, that did not necessarily imply any particular form of election in any particular volume."

He added: "The Basic Law does itself make important provisions for the independence of the judiciary and the continuation of the Common Law system and for final judgement to be vested in Hong Kong."

"But I am aware of the fact that there are certain very difficult areas that are bound to exist in the distribution of powers of this kind, which are the subject of further consideration in Hong Kong."

UK's Lord Glenarthur To Hold Talks in Beijing
HK0906050788 Hong Kong HONGKONG STANDARD in English 9 Jun 88 p 1

["Exclusive" by China Editor David Wong]

[Text] The British Foreign Office Minister with special responsibility for Hong Kong, Lord Glenarthur, will have a series of meetings with top Chinese officials on major issues affecting future political developments in the territory when he makes a surprise visit to Beijing later this month.

Informed sources said that an exchange of views on the Basic Law draft would feature in talks with Chinese leaders, probably including some of the "grey or difficult areas" highlighted by the British Foreign Minister, Sir Geoffrey Howe, during his visit here last week.

THE STANDARD understands that Chinese leaders, including Vice-premier Wu Xueqian and China's top official in charge of Hong Kong affairs, Mr Ji Pengfei, are among those to meet Lord Glenarthur.

Mr Wu, the former Chinese Foreign Minister, was actively involved in tough bargaining with his British counterpart, Sir Geoffrey, over the past two years on the direct election issue before he was promoted to the vice-premiership in April.

It has been known for some time that Lord Glenarthur will visit Hong Kong at the end of this month, but officials have been silent about his Beijing visit, although it is only two weeks away.

"Details of his programme have yet to be sorted out with the Chinese Government, and this explains why the government has kept his Beijing visit under wraps for the time being," an informed source explained.

It is understood that the British Minister will stay in the Chinese capital for several days before he flies to Hong Kong for a three-day visit beginning on June 29.

This will be the first official visit by Lord Glenarthur to Beijing since he was appointed by the Prime Minister, Mrs Margaret Thatcher, to the present portfolio with responsibility for Hong Kong affairs in a massive shakeup of her government last June.

He will be accompanied by the Under-Secretary of State at the Foreign Office, Mr Robin McLaren, who is also the leader of the British team of the Joint Liaison Group.

Sources said Lord Glenarthur had initially planned to visit the Chinese capital at the end of December last year, but it was postponed.

Lord Glenarthur has kept the agenda of his meetings with the Chinese leaders a tightly guarded secret.

"While we reckon that some of these meetings will not have any substantive talks apart from merely cordial exchanges, it is very likely the centre of attention will focus on reviewing the Sino-British relations since the signing of the Joint Declaration on Hong Kong's future in 1985," a source said.

"In this context, the Basic Law draft will certainly crop up during the exchanges because it is a pivotal part of the implementation of the Joint Declaration."

Another said Lord Glenarthur would probably pass on views on the Basic Law expressed during debates by the House of Commons and House of Lords this week and pass on his government's concern about "difficult" parts of the draft.

During his three-day stay in Hong Kong, Lord Glenarthur will be invited to the opening ceremony on July 1 of Britain's principal office for the Joint Liaison Group at Colwyn House in Victoria Barracks.

PRC BLCC Members, Legislators Meeting Canceled
HK0906051788 Hong Kong HONGKONG STANDARD in English 9 June 88 p 3

[Text] A meeting between Basic Law Consultative Committee [BLCC] members and Hong Kong legislators on the first draft scheduled for this morning has been cancelled because of poor response.

The consultation exercise got off to a bad start yesterday with only 18 out of 46 invited legislators turning up to the first talk session organised by the BLCC. At least 14 others turned down the invitation.

But a BLCC vice-chairman, Dr Royson Huang, maintained quite a number of legislators participated in the session.

The BLCC did not invite any Executive Councillors, the Governor's advisers, to comment on the draft.

But visiting Chinese statesman Mr Ji Pengfei last night hosted a dinner for Senior Executive Councillor Sir Sze-yuan Chung and Senior Legislative Councillor Miss Lydia Dunn at the XINHUA NEWS AGENCY-owned villa in Stanley.

The BLCC kicked off its two-week consultation on the draft by meeting members from the three tiers of government—the Legislative Council [Legco], the two municipal councils and district boards.

THE STANDARD has learnt some legislators were feeling uneasy about Mr Ji's absence from the session. A legislator, who declined to be named, read it as a sign of China snubbing them.

But a mainland drafter was quick to say the question of discrimination did not exist. He said Mr Ji chose to attend a session with local professionals because of a "division of labour" among the mainland drafters.

Only 13 of the 30 Urban and five of the 36 Regional Councillors and 40 district board members attended the afternoon and evening sessions.

Some of the absentees told THE STANDARD they preferred to give their views on the highly complicated subject at formal debates.

They said it was impossible for them to examine the draft in great detail in the two hours with drafters.

A Legco member who attended yesterday's meeting, Mr Chan Ying-lun, said: "We had a heated discussion but the time was very limited."

But mainland drafter Mr Xiao Weiyun said discussion sessions were just one part of the consultation. "They can choose another form to express their views, for example, they can write to us instead," he said.

Convenor of Omelco's [Office of the Members of the Executive and Legislative Councils] constitutional development panel Mr Andrew Wong is to sum up members' views on the Basic Law and forward them to the mainland drafters in a couple of days.

So far, the panel has covered three chapters of the draft, on general principles (chapter one), the relationship between the central authorities and the Hong Kong Special Administrative Region [SAR] (chapter 2) and the interpretation and amendment of the Basic Law (chapter nine).

Summing up the session, Mr Xiao said some district board members did not prepare well for the meeting. "It seems some members were not familiar with the draft," Mr Xiao said.

It was learned a district board member questioned the mainland drafters on the rationale behind the SAR flag and emblem.

According to Mr Xiao, Legco members who attended the discussion had stressed the future Basic law should not overemphasise China's sovereignty over Hong Kong.

They were worried about the implications of applying Chinese national laws to the future SAR.

Meanwhile, Urban Councillors doubted whether it was necessary to have two municipal councils. They also hoped environmental protection policies would be written into the Basic Law, a view supported by mainland drafter Mr Wang Shuwen.

Some Urban Councillors and district board members also questioned the logic of writing into the Basic Law protection for the rights of indigenous villagers in the New Territories.

Responding to calls China should listen more to grass-root views, mainland drafter Mr Yong Longgui admitted he had not heard enough.

But he said their opinions would be equally important.

Councillors Call For Changes

HK0906043788 Hong Kong SOUTH CHINA MORNING
POST in English 9 Jun 88 p 6

[By Stanley Leung]

[Text] Legislative Council [Legco] members yesterday called for some amendments to the draft Basic Law in which they believe the principle of sovereignty has been over-emphasised.

Eighteen Legco members discussed the draft with the visiting mainland drafters during a two-hour meeting focussing on the issues of the central Government-Hong Kong relationship.

The dialogue was the first of its kind between mainland officials and Legco members since the draft's publication in late April.

All 48 non-Government Legco members were invited two weeks ago by the Basic Law Consultative Committee to give their views on the draft in a personal capacity, but less than half—and no Executive Council members—showed up for yesterday's discussions.

Six members sit on both councils, Miss Lydia Dunn, Miss Maria Tam, Dr Daniel Tse, Dr Chiu Him-kwong, Mr Allen Lee and Mr Peter C. Wong.

A mainland drafter, Mr Xiao Weiyun, said most of the members focused on articles 16 to 18 regarding constitutionality of new laws, the future application of Chinese laws in Hong Kong and the judicial jurisdiction of local courts.

He said the councillors called for amendments to these three articles and suggested the principle of sovereignty should not be overemphasised.

Dr Helmut Sohmen said several members noted that there should be a clear distinction between policy guidelines and legal clauses.

They said the policies which the future government should pursue on its own need not be embodied in the main text of the Basic Law.

For instance, he said, there was no point in sending public servants to prison should they not be "dedicated to their duties" as stipulated in the draft.

He cited the provision of social welfare and balanced budgeting as other examples.

Dr Sohmen also told the mainland drafters, including Mr Li Hou and Mr Lu Ping, that people should not complicate the Basic Law with the fact that Hong Kong will be part of Chinese sovereignty.

He said the principle of sovereignty should not be over-stressed.

Another member, Mr Chan Ying-lun, said members attached much importance to the provision touching on constitutionality of new laws passed by the legislature after 1997.

They were concerned about any abuse in the procedure whereby the National People's Congress could revoke laws which it regarded as unconstitutional.

"I have not offered a solution to the problem but I think it should be emphasised that Hong Kong has the legislative, executive and judicial power as mentioned in the Joint Declaration," he said.

Discuss Subversion Article

HK0906043588 Hong Kong SOUTH CHINA MORNING POST in English 9 Jun 88 p 6

[Text] A controversial article in the Basic Law draft on the prohibition of subversive acts should be amended to allay the fears of Hong Kong people who are mindful of human rights abuses in China.

The call was made by some members of the Basic Law Consultative Committee (BLCC) during a meeting with a group of visiting mainland drafters yesterday.

At issue is an article that states the Special Administrative Region shall prohibit by law any act designed to undermine national unity or subvert the Central People's Government.

A BLCC member, Mr Ng Hong-mun, said many people felt the community would have difficulty in accepting the provision.

"Hong Kong people are very sensitive. They are scared about the many political movements of China in the past when personal liberties were undermined by the authorities."

Apart from meetings with BLCC members, the mainland drafters also met members of the district boards and the Urban and Regional Councils.

The mainland drafters have used some of the meetings to explain the draft to the district leaders.

One mainland drafter, legal expert Mr Xiao Weiyun, said: "Some district board members are well-versed in the draft. But some are not. We explained some of the provisions to them during the session."

Bar Warns of Liberties Threat in Basic Law

HK0906043988 Hong Kong SOUTH CHINA MORNING POST in English 9 Jun 88 p 6

[By Chris Yeung]

[Text] The influential Bar Association has warned that deficiencies in the first draft of the Basic Law would undermine civil liberties and Hong Kong's high degree of autonomy after 1997.

It also criticised some of the options on the formation of the post-1997 government, saying they would fail to meet the guiding principle of "Hong Kong people ruling Hong Kong."

In a submission to the Basic Law Drafting Committee, the law body also underlined deficiencies in a number of areas including economy, the formation of the first Special Administrative Region (SAR) government, professional accreditation and nationality.

The 18-page position paper was the most comprehensive proposal made by the legal body since the first draft was released at the end of April.

Their thinking is believed to reflect not only the other major legal body, the Law Society, but the legal profession in general.

Criticism centres on many issues, including the power of interpretation of the Standing Committee of the Chinese National People's Congress (NPC) of local court decisions, the application of Chinese national laws, the legality of laws enacted by the SAR legislature and the jurisdiction of local courts.

In an apparent allegation of a departure from the Joint Declaration, the Bar Association points out some "basic deficiencies" in the draft that failed to implement fully the principle of a high degree of autonomy.

The joint pact states, apart from defence and foreign affairs which are the responsibility of China, that the SAR shall be vested with executive, legislative and independent judicial power including that of final adjudication.

The Bar is concerned that Article 16 provides the Standing Committee with power to vet and revoke any laws enacted by the SAR legislature if it considers it "not in conformity with the Basic Law or legal procedures."

The Bar is also dissatisfied that the article empowers the standing committee to "strike down laws regardless of whether or not they pertain to purely domestic affairs of the HKSAR [Hong Kong Special Administrative Region]".

Also affecting the full legislative power of the SAR is an article that enables the application of Chinese national laws into the territory.

Article 17 states that the State Council can apply to Hong Kong, by way of directives to the HKSAR government, not only laws relating to defence and foreign affairs outside the scope of the HKSAR's autonomy but also other laws which "give expression to national unity and territorial integrity which are...outside the limits of the high degree of autonomy of the HKSAR".

The Bar Association took issue with the vaguely-defined "national unity and territorial integrity" be said.

Any application of Chinese laws on defence and foreign affairs should also be applied through the SAR legislature on the directives of the NPC Standing Committee.

Except in cases of emergency, the standing committee should consult the Basic Law Committee before issuing the directives.

While some articles had cut down the jurisdiction of local courts, the Bar Association said no restraints had been made on the jurisdiction of the NPC Standing Committee.

It was suggested that the NPC place restraints on its Standing Committee by not allowing it to interpret any internal affairs of the HKSAR.

The Bar Association also pointed out that another article which states that departments under the central Government should not interfere in the SAR affairs was not sufficient to bar the central Government from interfering.

It was proposed that the Basic Law should state that the central Government and other central organs should not be able to interfere in matters within the scope of autonomy of the HKSAR.

In relation to the formation of the first SAR government, the legal body criticised the present option as a thinly disguised form of appointment by the central Government, since Beijing proposed to appoint a preparatory committee which in turn would appoint an election committee for the selection of the first chief executive and the legislature.

Liberals, Conservative Organize on Franchise
HK0906050588 Hong Kong HONGKONG STANDARD
in English 9 Jun 88 p 3

[Text] Major battles are expected next month when the two opposed political camps—activist business group and liberal democrats—fight to win public support.

The liberal democratic camp is stressing universal franchise in a June and July publicity drive aimed at district level residents.

The business lobbyists banded together under the banner of the Business and Professional Groups which is popularly known as the Group of 81—will be seeking supporters among local influential and longstanding civil organisations.

In other words, the business and professional groups have set their sight on the solidly-based well-to-do, and the liberals are aiming at the masses.

The spokesman of the Joint Committee for the Promotion of Democratic Government, Mr Yeung Sum, told THE STANDARD yesterday that they planned to organise "down-to-the-community" promotional activities in several districts to arouse public support for the one-man-one-vote ideal.

These districts include Sham Shui Po, Kwun Tong, Tuen Mun, and Kwai Chung, which are stronghold of the liberals.

"This will pave the way for us to mobilise the general public to write to the Basic Law Consultative Committee in support of the one-man-one-vote method to choose our future chief executive and legislators," said Mr Yeung, veteran activist and lecturer in social work at the University of Hong Kong.

Among the weapons and ammunition the liberals have prepared are a video tape presentation, a slide show, dramas, and simplified question-and-answer pamphlets. These have all been designed to convince residents of the importance and necessity of universal franchise in the future autonomous government after the territory returns to China.

The Joint Committee is an umbrella organisation of more than 160 liberal groups campaigning for greater democracy.

Mr Yeung said they would not use "sensational" tactics such as employed in a video tape used by their opponents. The tape, he said, showed riots and demonstrations in various Asian countries and implied these were the results of too much democracy.

"We won't use such sensational shots. Though they (the business group) did that to oppose us, we don't think we should take a tooth-for-a-tooth stand," he said.

The social activist said the slides his group had prepared were to be ready next week while the video should be finished at the end of the month. "I've already gone through the scripts of the video," he said.

The production of both video and slides will cost less than \$100,000.

Moreover, the liberals are approaching dramatists and actors to organise performances to help promote the cause.

So far, public response to the business groups' offer of talks and video shows about their formula for a "grand electoral college" has not been enthusiastic, THE STANDARD has learnt.

There have been a few dozen positive responses to offers the Group of 81 sent in writing to 600 organizations.

PRC To Consider Dual Nationality Issue
HK0906043188 Hong Kong SOUTH CHINA MORNING POST in English 9 Jun 88 p 1

[By Stanley Leung]

[Text] China might consider either amending its nationality law or adopting special arrangements in Hong Kong after 1997 in a bid to resolve the question of dual nationality facing many Chinese residents now holding other foreign passports.

This is by far the most important message on this question from a visiting senior Chinese official.

Mr Lu Ping, who is leading a Chinese delegation in Hong Kong to hear views on the Basic Law, said Beijing understood Hong Kong people's worries over the issue, but stressed that the problem could not be solved in the Basic Law.

Mr Lu said the Basic Law Drafting Committee (BLDC) might submit a proposal to the National People's Congress (NPC) around 1990 to tackle the problem.

There is considerable concern among foreign passport holders that they might be discriminated against after 1997 when Hong Kong reverts to Chinese rule.

The question of Chinese nationality has become more complicated and ambiguous in the past few months with the territory facing a growing problem of experienced young professionals emigrating.

This is because under the Sino-British Joint Declaration, foreigners are barred from serving as heads of major government departments corresponding to branches or departments at secretary level.

The draft Basic Law has provided that the future Special Administrative Region (SAR) government's chief executive, members of the executive council, president of the legislature and principal officials must be Chinese nationals who are permanent residents in Hong Kong.

But while the Basic Law defines "permanent resident", it has not defined Chinese nationality, which the drafters think is the domain of the NPC, China's parliament.

Chinese nationality law does not allow dual nationality and any Chinese who has acquired another nationality automatically ceases to be a Chinese national.

The nationality issue and the so-called brain drain were raised yesterday by the leading professional groups during a meeting with the Director of the Hong Kong and Macao Affairs Office, Mr Ji Pengfei, his deputy, Mr Lu and China's de facto chief representative in Hong Kong, Mr Xu Jiatun.

The professions represented at the meeting included architects, engineers, surveyors, accountants, doctors, dentists, barristers, solicitors and computer experts.

Mr Lu indicated that options to resolve the nationality issue might include amending the 1980 nationality law or adopting a special policy on Hong Kong through enacting supplementary legislations.

"Although the BLDC has no authority to tackle the issue, it could make recommendations to the NPC," Mr Lu said.

He noted that allowing "dual nationality" in Hong Kong was not impossible in view of the territory's special historical background.

He stressed that China's memorandum on nationality in the Sino-British Joint Declaration was legally binding, although this would not be mentioned in the Basic Law.

According to the pact, the two million plus Chinese people holding British National (Overseas) passports will be treated as Chinese nationals after 1997, he said.

Earlier in the day, a vice-chairman of the Basic Law Consultative Committee, Mr Lo Tak-shing, warned that holders of foreign passports could become "second-class citizens" if China's nationality law was not amended to allow dual nationality.

He said there would be a resultant escalation of the brain drain.

Speaking at a lunch meeting of the Soroptimist Club, Mr Lo, a former Executive and Legislative councillor, said the situation might arise where young professionals with other passports were forced into conflict with those who did not.

Trade Union Leader Discusses Draft Basic Law
OW0706235088 Beijing XINHUA Domestic Service in Chinese 0211 GMT 1 Jun 88

[By reporter Yao Datian]

[Text] Hong Kong, 1 Jun (XINHUA) — During an interview with this reporter, Tan Yaozong, vice president of the Hong Kong Federation of Trade Unions and member of the Hong Kong Basic Law Drafting Committee, said that reflecting the principle of "one country, two systems" in the Basic Law is essential for doing a good job in drafting the law.

He held that as long as people consider the issue seriously from the angle of "one country, two systems," they can produce a Basic Law which corresponds with Hong Kong's actual situation, and which can stand the test of time and maintain Hong Kong's prosperity and stability in the future.

Since the promulgation of the Draft Hong Kong Basic Law for Soliciting Public Opinions, Tan Yaozong has attended a dozen or so symposiums and meetings sponsored by trade unions, communities, and organizations. He believes that specifically because the Basic Law must consider the interests of people of all strata in Hong Kong, the working class in Hong Kong is very much interested in the rights and interests embodied in the draft.

Tan Yaozong said: Naturally the Draft Basic Law has to embody national sovereignty where the fundamental interests of the country reside. While the Hong Kong Special Administration Region will enjoy a high degree of autonomy in the future, I think there is still a limit to this. National defense and foreign affairs, for example, are issues concerning a country's unity and territorial integrity, and they should not fall within the autonomy of the Hong Kong Special Administrative Region. In this regard, we all should have a proper understanding.

As work will soon begin to solicit views of people in all sectors toward the Draft Basic Law, Tan Yaozong urged people in all circles to put forward specific views regarding the revision of the draft so as to help the drafting committee do a good job in revising the future cardinal law of Hong Kong.

Councillor Calls for Help With Refugee Problem
OW0806121188 Beijing XINHUA in English 1047
GMT 7 Jun 88

[Text] Hong Kong, June 7 (XINHUA) — Hong Kong needs the support of the international community in reducing the size of its Vietnamese refugee problem through real action, a Hong Kong official told an international conference.

Speaking on the impact of refugees on Hong Kong at a plenary session of the conference organized by the Indochina Resource Action Center in Washington, Hong Kong's Legislative Councillor Rita Fan said that there are strong social and practical reasons for changing the existing policy of conferring refugee status on all Vietnamese boat people, according to a news release issued on behalf of Hong Kong's [word indistinct].

"The seriousness of the large number of influx and the urgency of the problem needs immediate attention," she said. [sentence as received]

Fan noted that the average resettlement rate per month for the past five months was 225 against an arrival rate of 1,000.

"If no short-term solution is forthcoming in the next three months, it is estimated that the number of Vietnamese refugees in Hong Kong will exceed 20,000," she said.

Fan said that Hong Kong's resources are already stretched to the fullest extent, and Hong Kong cannot, in the words of the British Foreign Secretary Geoffrey Howe: "go on offering itself to an endless stream of people as a transit center to a future that cannot and does not exist. It must be right in principle for these people who are Vietnamese to find their future in Vietnam."

David Ford, chief secretary of the Hong Kong Government, also said here yesterday that Hong Kong is expected to exhaust its capacity to cope with the influx of Vietnamese refugees in three months.

Statistics show 1,406 Vietnamese have arrived here so far this month, making a jump from 100 to almost 300 new arrivals a day.

The government reported that 6,558 Vietnamese have arrived here since the beginning of the year, raising the refugee population to 15,107 — almost doubling last year's figure.

XINHUA Reports on New 'Refugee Surge'
OW0806040038 Beijing XINHUA in English
0009 GMT 6 Jun 88

[Text] Hong Kong, June 6 (XINHUA) — Hong Kong is witnessing another refugee surge of 821 boat people from Vietnam who arrived here in the first four days of this month.

The new arrivals has brought the number of Vietnamese refugees in Hong Kong to over 14,500, according to local newspapers.

It is reported that a total of 417 Vietnamese boat people arrived here Saturday, the highest daily arrivals for years.

Since the beginning of this year, a total of 5,973 boat people from Vietnam have arrived in Hong Kong, compared with 963 in the same period of last year. Last month's arrivals of 2,680 were highest in a single month since 1984.

In contrast, resettlement to other countries has been slow with only 1,088 leaving Hong Kong in the first five months of this year.

Local security officials predicted that the Vietnamese refugees will continue to arrive at the rate of around 100 each day.

Meanwhile, as all the permanent closed centers to house the Vietnamese refugees are already full beyond capacity, the surging influx of boat people is now an increasingly difficult problem faced by Hong Kong.

Legislative councillors, the convenor of the legislative council's ad hoc group on refugees, Rita Fan, and Hui Yin-Fat will attend a conference on Southeast Asia's refugee problem in Washington this week.

The latest tide of refugees is believed to have been spurred by a poor harvest in central Vietnam.

Nanyang Commercial Bank Considers Market Listing
HK0906055588 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 9 Jun 88 pp 1, 3

[By Eva To]

[Text] Nanyang Commercial Bank will continue to examine the possibility of floating its shares in the Stock Exchange of Hong Kong, says bank chairman and general manager Shu Tse-wong.

Nanyang has a long profit record and its group published profit last year rose 84 percent over the 1986 total. Mr Shu conceded in December 1986 that the bank was examining the possibility of listing.

"I think the idea of listing our shares will be welcomed in Hong Kong, but we do not see an immediate need for us to do so," Mr Shu said yesterday in an interview.

But the possibility of Nanyang listing was still there, he said.

"A flotation sounds attractive to us in that, among other reasons, it may inject new impetus to our management. But fund-raising will not be what we are after in a flotation," he said.

"When we do, money will not be the reason," he added.

The Bank of China [BOC] group, of which Nanyang is a member, first disclosed two years ago that it was studying the feasibility of listing one or more of its member banks on the local stock exchange.

Nanyang was tipped as likely to be among the first members of the BOC group to be floated because it outperformed most of its sister banks.

Furthermore, with more than 40 branches in Hong Kong and overseas, it was among the biggest.

The fact that it is locally incorporated is also seen as a factor making it a candidate for an early listing in Hong Kong. Only four of the group's 14 banks are incorporated in Hong Kong.

In view of the increasing influence of the BOC group in the territory, bankers say it will not be too long before the Hong Kong branch of BOC—which heads the 13 sister

banks in Hong Kong and Macao—would be given the right to fill the posts of chairman and vice-chairman of the Hong Kong Association of Banks [HKAB].

Together with the Hong Kong Bank and the Standard Chartered Bank, BOC's Hong Kong branch forms the HKAB's trio of permanent members, but it is the only one which is excluded from providing a chairman and vice-chairman.

Mr Shu, who sits on the HKAB committee on Nanyang's behalf, said the committee had not discussed such a possibility, nor did he see it as a necessary change.

"The BOC group has always been active and cooperates very well with other banks in the HKAB. To be the chairman or not is not important," he said.

"Our priority has always been the stability and prosperity of Hong Kong."

Commenting on Nanyang's impressive results last year, Mr Shu said it was a result of the bank's continued effort to diversify its products and improve its service.

He said while profit grew at a satisfactory rate of 84 percent last year, the return on assets, at 0.55 percent, left room for improvement. Its return on assets the previous year was 0.4 percent.

The growth of Nanyang's deposit and loan portfolio, at about 30 percent last year, was in line with performance in recent years, he said.

Regarding Nanyang's activity in providing finance for projects in China, Mr Shu noted that its loans to China formed only a relatively small part of its overall portfolio. But he declined to give figures.

Nanyang currently has equity participation in two hotel projects in China, a rare move for banks. Mr Shu said those investment decisions were made a few years ago in the heyday of China's open door policy, partly to support the country's new strategy.

But as Nanyang's own strategic focus remained in traditional banking business in Hong Kong, he said the bank was unlikely to move into more direct investments of a similar kind in the future.

Nanyang is the only foreign bank which had been given a licence to operate in China's recently established Hainan Province. According to Mr Shu, Nanyang chose Hainan because of its great potential for economic development, but did not expect the branch to operate profitably in the early years. He expected the Hainan branch to open before the end of the year.

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